

125A

Israel's leading electronic daily

THE JERUSALEM POST INTERNET EDITION is waiting for you!



THE JERUSALEM POST

SECOND EDITION

Call the States.

From Israel, just dial: 177-100-2727



VOLUME LXIII, NUMBER 19309

TUESDAY, JUNE 25, 1996 • TAMUZ 8, 5756

WORLD OF SPORT

Michael Johnson's Mad Dash

It's ALL in the WORLD OF SPORT TODAY

Deal with Sharon reported near

SARAH HONIG

PRIME Minister Binyamin Netanyahu and MK Ariel Sharon were due to meet late last night to discuss the thorny issues impeding the creation of a national infrastructure portfolio for Sharon. Sources close to Netanyahu said a deal had been struck and the affair was nearing a successful conclusion. On Sharon's side, however, there was silence.

Likewise, no word came from any of the ministers who would be asked to yield chunks of their portfolios to the new ministry. Justice Minister Ya'acov Ne'eman, entrusted by Netanyahu with working out the details of the deal, spent the day going back and forth between Netanyahu's bureau and Sharon's office.

Prior to last night Netanyahu and Sharon had not met in person to discuss the new ministry. Sharon spent most of the day closeted in his Knesset office, leaving only for votes in which he had to take part. The fact he secured a seat on the Knesset Foreign Affairs and Defense Committee is seen as a broad hint to Netanyahu that he has other alternatives; that if not accepted to the government, he could embark on intensive Knesset activity precisely where he could prove the greatest headache to Netanyahu.

According to several Likud sources, Sharon has been offered various alternatives about what his new ministry would encompass. He reviewed these offers, and received replies, all of which kept Ne'eman on the move all day.

Unconfirmed reports speak of an agreement under which the new ministry would get control of: the military industries from the Defense Ministry; the Public Works Department and the Rural Development Division from the Construction and Housing Ministry; authority for electricity and the Electric Corporation from the Energy Ministry; responsibility for all rail traffic, highway planning, and road construction from the Transport Ministry; long-term planning of water supplies from the Agriculture Ministry; and the Israel Lands Administration from the Prime Minister's Office.

It was not clear last night whether the offers to Sharon came after Ne'eman had talked the reluctant ministers involved into making concessions, or whether it is intended to twist their arms later.

The plan last night was for Netanyahu to put the result of yesterday's negotiations to Sharon as an official offer for him to join the government. He would also be offered membership in the defense cabinet, which would be expanded to admit both Sharon and Science Minister Ze'ev Begin.



Fireworks light up the sky over Jerusalem's Old City last night as part of a gala inauguration of the Old City's new lighting system sponsored by France's Keren Or association.

Tichon new Knesset Speaker

LIAT COLLINS

MK Dan Tichon yesterday became the new Knesset Speaker after a tense vote in the Likud faction which he won, 13 to 11, followed by a vote in the plenum in which he received the support of 60 MKs.

MK Abdul Wahab Darawshe (Democratic Arab Party), who was the only candidate to run against him from another party, received eight votes.

Later, in a short ceremony, outgoing Speaker Shevah Weiss (Labor) handed Tichon the Speaker's gavel and raised a toast in Tichon's new office. In his acceptance speech, Tichon said he was "very excited. I have come a long way since I was a boy in Kiryat Haim [near Haifa]." Tichon, 59, praised his predecessors in the Speaker's chair. He is a former deputy speaker and has been an MK since 1981, specializing in financial issues. "From this moment, I see myself as the Speaker of the whole House and all its factions. I see it as a duty in this position, with your help, to preserve the standing of the Knesset as the bastion of democracy. We stand at the gateway to a fateful period for the Israeli people, and important and fateful decisions will be taken in this House. We must all do our best to preserve the level of civil discourse," he said.

"I intend to bring the Knesset

and the people closer together, make the Knesset House Rules applicable to the 1990s; and encourage greater participation of MKs in the plenum and in the committees," Tichon told reporters.

Four deputy speakers were also chosen yesterday: Naomi Chazan (Meretz), Weiss (Labor), Haim Dayan (Likud) and Meir Sheerit (Likud).

The voting in the Likud faction room in the morning was often tense, reflecting the fierce competition for the few positions open to Likud MKs. As a result of coalition bargaining, the Likud is chairing only two committees - Foreign Affairs and Defense, and Immigration and Absorption - and holds a minority number of seats in several committees.

MK Naomi Blumenthal, one of the four candidates for the Speaker's post, rescinded her candidacy at the last moment, saying she preferred not to compete for the position and risk causing more divisions and infighting in the party. She was being promoted largely to counterbalance the lack of women MKs in the House. She said she was saddened to see that Israel was not yet ready to advance women to top positions. Nonetheless, Blumenthal was

appointed chairwoman of the Knesset Absorption and Immigration Committee. She came out of the morning's session happier than MK Eliahu Ben-Elissar who was believed to have a good chance, but lost in the first round of voting and did not even get a post on the Foreign Affairs and Defense Committee. In the first round, Shaul Amor led 11 votes to Tichon's eight and Ben-Elissar's five, but when the two main contenders faced off in the final round of voting, all those who had supported Ben-Elissar transferred their support to Tichon. Amor was visibly upset when he left the meeting after the results were announced. He said he had been let down twice by Prime Minister Binyamin Netanyahu, once when he promised him a ministerial position and once when he promised him the Speaker's chair. His wife Susie said he had been the victim of political maneuvering and some colleagues who came to offer support suggested that he was being victimized as a Sephardi candidate.

beyond politics there is also such a thing as friendship and [being true to] one's word."

Gesher members of the faction did not participate in the meeting. According to MK Michael Kleiner, Gesher decided it did not have the right to vote for the position of Speaker or faction head once it had been decided the positions would be held by an MK from the Likud component of the joint faction. Tsomet MKs did participate. Netanyahu did not turn up for the vote.

MK Michael Eitan was chosen as Likud and coalition faction chairman.

Amor said: "I'm used to disappointments. The people chose me but I'm weak when it comes to wheelers and dealers. I hope the prime minister remembers that

Bank of Israel raises rate 1.5%

Jerusalem Post Staff

THE Bank of Israel yesterday stunned the business community when it announced it is raising its short-term leading rate by 1.5 percent, more than twice the increase analysts had expected.

The new short-term rate, 17 percent, returns the central bank's basic price of credit to its level of a year-and-a-half ago, and will result in a similar increase of the commercial banks' prime rates effective Friday (Story, Page 8).

Citing, among other factors, last month's 1.7% increase in the consumer price index, which pushed inflation to an annual rate of 15%, the central bank said it was compelled "to return inflation to a pace which would be consistent with the government's stated goals."

The previous government set its inflation goal for this year at 8%-10%, slightly higher than last year's 26-year-low of 8.1%.

Besides the accelerated pace of inflation, the Bank of Israel also cited the NIS 3 billion budgetary over-expenditure so far this year, an excess which leaves the bank

no option but to tighten the money supply and thus push the government to meet the deficit limits to which it is bound by law.

The currency markets responded to the move with increased demands for the shekel, which becomes more attractive when interest rates rise. The dollar lost nearly 1.1% of its value in yesterday's trading in Tel Aviv, settling at 3.23 shekels to the dollar. Against the Deutschmark the shekel appreciated an even higher 1.5%, trading at NIS 2.103 to one mark. Against the Bank of Israel's basket of leading currencies, the shekel settled at 3.608, a 1.2% appreciation compared to the previous trading day.

Business executives were astonished by the steep rate hike.

Manufacturers Association president Dan Propper said the central bank's move harms the commercial sector, further aggravates the current-account deficit, and will ultimately result in a recession. Propper called on the

government to slash its budget deeply and lay off civil servants.

Chambers of Commerce Association President Danny Gillerman called the rate hike "hysterical" and said it "reflected [Bank of Israel] Governor Jacob Frenkel's lack of confidence in the new government."

Former finance minister Avraham Shohat said the move was intended to allow the central bank to refrain from raising its rates in upcoming months, when a series of expected low CPI increases will not allow rate hikes.

Responding to his critics, Frenkel said: "I did not exaggerate; the rates are relatively low, when measured in real terms."

Prime Minister Binyamin Netanyahu met yesterday with both Frenkel and Finance Minister Dan Meridor for continued discussions on imminent economic moves. Aides to the prime minister said Netanyahu, in the conversations, stressed the need to reduce inflation and improve the country's balance of payments.

Fasten your seat belts

COMMENT AMOTZ ASA-EL

AS the dust settles following the new government's version of musical chairs, and with each of its cabinet seats - except Ariel Sharon's - finally occupied, the new ministers yesterday got a harsh reminder of one of the most immediate tasks at hand: cleaning up the macro-economic mess bequeathed to them by their predecessors.

Evidently, Bank of Israel Governor Jacob Frenkel is determined to prod Finance Minister Dan Meridor into executing the budget cuts that Avraham Shohat would not sanction. Frenkel is

likely backed in this attempt by Prime Minister Binyamin Netanyahu.

But monetary restraint in itself will never be enough to stem inflation or compensate for the yawning fiscal, trade, and current-account deficits accrued by the Labor government.

Practically all the protagonists of our macro-economic melodrama - the central bank, the Treasury, the industrialists, even the Histadrut - agree that deep

budget cuts are essential to restore the economy's balance, stem inflation, and generate sustainable growth.

The problem is that no one, until now, was willing to pay the price of a true slowdown. The Treasury would not clash with the rest of the government, the Histadrut would not agree to job cuts, and the Manufacturers Association, which openly supported the previous government, preferred to concentrate its fire on a seemingly helpless Jacob Frenkel.

(Continued on Page 4)

Christopher to push PA-Israel dialogue

DAVID MAKOVSKY

VISITING US Secretary of State Warren Christopher is expected to tell Israelis and Arabs to stop their recent verbal dueling and begin to negotiate further, with a special emphasis on Palestinian economic issues, US officials say.

Christopher will today hold his first meeting with Binyamin Netanyahu since the latter was elected prime minister. The secretary of state will meet with Palestinian Authority head Yasser Arafat in Cairo tomorrow, and will also meet with Egyptian President Hosni Mubarak to discuss the outcome of the Arab summit.

There are immediate questions to which US officials say they expect Christopher will seek answers from Netanyahu, including ideas for serious dialogue with the Palestinians and whether the IDF will redeploy in Hebron. Netanyahu has been holding consultations with ministers and military officials on different aspects of the Hebron issue.

A key issue, US officials say, is alleviating Palestinian economic duress which has been exacerbated by the current extended closure.

"Looking at the Palestinian economic situation is a high priority" for Christopher, a US official said.

According to World Bank officials, Palestinian GDP per capita dropped 8% last year, and is currently expected to drop an additional 20% this year.

While the closure has been eased somewhat since the elections, with 22,000 Palestinians currently permitted to work in Israel, this is far fewer than the estimated 75,000 who were crossing the Green Line before the February-March suicide bombings. US officials would like to find ways to allow more Palestinian goods in and out of Gaza. They also note that due to security reasons, Palestinian shippers must use more costly Israeli trucks.

Christopher may raise the possibility of restarting stalled plans to build joint Palestinian-Israeli industrial zones. Meanwhile, on the issue of Syria, the picture looks bleak. Christopher is expected to brief Netanyahu on secret aspects of the US-brokered talks that the Labor government held with the Syrians. Netanyahu has said he will not relinquish Israeli sovereignty on the Golan, and Foreign Minister David Levy essentially retracted his statement of last week which suggested that Israel could engage in territorial compromise. Speaking yesterday, Levy did not repeat his statement that the two countries should meet "in the middle," but rather said the two sides should just sit and negotiate. Netanyahu's office disassociated itself from Levy's earlier statement.

(Continued on Page 4)

Above All... We've Mastered the Art Of Private Banking

"The Jewel of the Israeli Banking Industry," Salomon Brothers, 28.2%
 First International is the best regarded of the major Israeli banks...
 Union Bank of Switzerland, global research report, 15.12.95
 First International is ranked No. 1 among the five leading banks in Israel by Thomson Bank Watch, 3.1.96

It was not easy to achieve such high regard from such prestigious international institutions. It took years of hard work and conducting business by a clearly defined business philosophy that focuses on safety. Mainly the protection of our clients assets and shareholders investments.

Our state of the art practices and the performance of our professional staff are clearly reflected in customer satisfaction and in our balance sheet. Year after year.

FBI's International Private Banking offers non-Israeli residents, new immigrants and Israelis living abroad custom tailored products and services that meet their individual financial needs based on confidentiality and security.

For further information, contact our International Private Banking Department, Tel Aviv, 22 Allenby St. Tel: (972)-3-5100530 Fax: (972)-3-5100827 or our subsidiaries: FBI Bank (UK), 24 Creechurch Lane, London EC3A 5EH, Tel: (44)-171-2835333, FBI Bank (Switzerland), 45 Bleicherweg, Zurich 8027, Tel: (41)-1-2016969 or at the offices of Republic National Bank of New York.

YOUR STATE OF THE ART BANK THE FIRST INTERNATIONAL BANK OF ISRAEL



To Secretary of State Warren Christopher Shalom and Welcome to Israel

As Secretary of State you have continued to foster the long standing friendship between the United States and Israel, for which we are forever grateful.

The bond between the two nations is unique. It is a close relationship based on similar interests, but most importantly on a commonality of values. Paramount among those values are the democratic tenets upon which our systems of government are founded. The will of the people is what matters to us both, what we respect.

When the people of Israel chose Benjamin Netanyahu they willed a change in national policy, they chose a different road to achieving the peace that everyone, without exception, desires.

When the people spoke they said:

1. **Yasser Arafat has not lived up to the agreements he signed.** He cannot be viewed as a strategic partner in peace. He has not seriously fought Palestinian terror, has not extradited known murderers, has not ceased his bellicose diatribes against Israel and the Jewish People, and for the "liberation" of Jerusalem. In the two and a half years since the Oslo I Agreement was signed the number Israelis killed at the hands of Palestinian terrorists has more than doubled.

The people said, "Enough of a process that leads not to peace, but to death and destruction."

2. **Jerusalem is not negotiable.** In 1948 Israel agreed once to a divided Jerusalem and it did not bring peace. It has been the eternal capital of the Jewish People for 3000 years. No nation would willfully tear apart the locus of its physical and spiritual life and neither must Israel. The Orient House and the other illegal satellites of the Palestinian Authority must be shut down and moved out of the capital.

The people said that, "no part of Jerusalem is on the table".

3. **The Golan Heights must remain in Israel's hands.** It is the "eyes" of the country and the source of 35% of Israel's water. With dictators such as Hafez el Assad only a functional peace of deterrence can be reached; negotiated formal deals with tyrants are meaningless.

The people said, "Peace with the Golan and because of the Golan."

4. **Jewish settlements in Yesha are not an obstacle to peace.** Jewish settlements are not obstacles to peace any more than Arab settlements are. On the contrary, they are "bridges to peace". The notion that peace can be achieved by uprooting Jews from their homes is unacceptable, is immoral. It is an extension of the long standing Arab myth that Israel is the cause of regional instability and only her destruction will bring peace. To sever our ties to Yesha, to negate our right to live there under Jewish sovereignty is to destroy the underpinnings of Zionism and our very right to Israel.

The people said that, "the state cannot be reduced to 9 miles wide", and that, "the Jewish communities of Judea, Samaria and Gaza must flourish".

5. **Hebron.** Beginning with the origins of Judaism embodied in Abraham's message of One G-d; an unbroken chain of our earliest development as a people can be traced to Hebron. Second only to Jerusalem in her holiness, Hebron had a Jewish community which thrived continuously for over 3,000 years. The community was destroyed in 1929 in an Arab pogrom. The rebirth of Hebron's Jewish community is historically and morally just. Nothing should be done to compromise her security or ability to thrive and grow.

The people said, "There cannot be a promising future without respect for the past."

We are confident, Mr. Christopher, that American foreign policy will respect the will of the People of Israel. We were encouraged by your remarks on CBS's *Face the Nation* (June 2, 1996) when you said: *"I think we'll have to adapt our policy to the current situation....circumstances do change and we'll move into dealing with this new Israeli administration wanting to have a good arrangement with them, wanting to have the same kind of close arrangement, close discussions, one of trust and confidence, that we had with the prior administration."*

It is our hope and prayer that American policy will indeed adapt itself to the changed circumstances in Israel, maintain a relationship of trust and confidence with Mr. Netanyahu and his cabinet, and respect the will of the Israeli People.

Respectfully yours,

Yesha Council of Jewish Communities in Judea, Samaria, and Gaza.

One Israel Fund/Yesha Heartland Campaign.

National Council of Young Israel

Americans for A Safe Israel

Emunah of America

Jerusalem Reclamation Project

Maamatz

Women for Israel's Tomorrow

B'tzedek

Professors For a Strong Israel

Gamla Won't Fall Again

American Friends of Hebron

American Friends of Shilo

Coalition For Jewish Concerns - Amcha

Pro Israel

06/25/96

Levy backtracks from Golan Ministers back Har Homa site 'halfway' comments

FOREIGN Minister David Levy yesterday appeared to shy away from recent comments expressing willingness to compromise on the Golan Heights in exchange for a peace treaty with Syria. He said his comments about the two sides meeting "halfway" had been misunderstood.

"If peace serves the interests of the two sides, we meet in the middle, which is to say that will we sit and talk," he explained on Israeli Radio.

Levy had made the controversial statements in interviews on both television stations Friday night.

"I believe that if peace serves both sides and they regard it as a primary interest, they will talk

YOCHI DREAZEN and Itim

and meet halfway," Levy said in an interview on Channel 2. Asked about the possibility of a Golan compromise, he said: "At a certain stage, and only if we achieve peace."

Levy's comments had been condemned by the Golan Residents Committee, as well as by other members of the cabinet.

"The government has stated that the Golan Heights is vital to our interests, and we will not descend from the Golan Heights," said Agriculture and Environment Minister Raphael Eitan.

"The Golan must remain under Israeli sovereignty for security

reasons," Education and Culture Minister Ze'evulun Hammer said on a private visit to Paris.

"In the event peace is established, we do not want to depend on the world to guard our security, but only on ourselves. We cannot agree to a heavily armed presence on the foothills and the heights," Hammer told a press conference.

On Sunday, Prime Minister Benjamin Netanyahu also distanced himself from Levy's remarks, in a statement issued by a spokesman. "Only statements made by the prime minister reflect Israeli policy on these political issues," spokesman Michael Stoltz said.

CONSTRUCTION will begin soon on the controversial Har Homa neighborhood in southeastern Jerusalem. Interior Minister Eli Suissa and Deputy Housing Minister Meir Porush vowed yesterday. Last week, the Jerusalem District Court lifted the immediate legal obstacles blocking work at Har Homa, when it rejected two petitions against the project, by the Peace Now-affiliated Ir Shalem group and businessman David Meir.

The court ruled that the petitions were premature because formal approval for building a Jewish neighborhood on the site had not yet been given. But it left open the possibility that the petitions could be resubmitted once approval is received. Ir Shalem and Meir say they will appeal again.

In an interview with Israel Radio, Suissa

BILL HUTMAN

said: "I believe that work will begin on the roads in the coming weeks. The construction of housing will begin in several months."

Porush told Israel Radio that he wanted work to begin quickly on Har Homa. He said it was important to provide more housing for Jewish families in Jerusalem "to maintain the demographic balance that has existed since 1967 [between Jews and Arabs] in the city."

Some 6,500 units are slated for the Har Homa neighborhood, with work scheduled to begin on 2,500 homes this year, barring further delays. An Interior Ministry source said architects must still make adjustments in the plan before it goes to the minister for final approval.

Messi Raz, a spokesman for Ir Shalem, said

his group would again appeal to the courts to prevent construction of an all-Jewish neighborhood at the site. In an area annexed to Jerusalem in 1967, "The minute [Suissa] signs the plan, we will go to court and file a petition," Raz said. The Palestinian Authority has also vowed to fight the project.

Meir, whose company owned a large section of the land expropriated by the government for the project, said he would also take the issue back to court. "There is no reason that I and the Arab landowners shouldn't be allowed to develop the land ourselves," Meir said.

But Interior Ministry sources said they believed Meir and Ir Shalem had weak cases, and that there was little that could prevent work on the project—delayed for five years by repeated legal challenges—from beginning soon.

Knesset approves transfer of authority to PM's office

THE Knesset yesterday endorsed a request by Prime Minister Benjamin Netanyahu to transfer the authority for several infrastructure-related fields to the Prime Minister's Office. This includes the Israel Lands Administration and the Ports and Railways Authority.

The jurisdiction for the Civil Service, Government Companies Authority, and Government Advertising Office was also transferred from the Finance Ministry to the premier's office.

The changes are apparently necessary to prepare the proposed National Infrastructure portfolio to enable MK Ariel Sharon to join the government. Sharon was present when the matter was raised in the plenum but left before the vote. The request was presented by Health Minister Tzahi Hanegbi (Likud), who has been chosen to liaise between the government and the Knesset. The responsibility for the Israel Broadcasting

LIAT COLLINS

Authority was moved from the Communications Ministry to the Prime Minister's Office.

The Knesset last night also endorsed the appointment of David Levy as foreign minister and Meir Porush (United Torah Judaism) as deputy housing and construction minister. Only a few MKs were present for most of the debate but the opposition MKs who did stick it out criticized the transfer of power to the Prime Minister's Office. MK Moshe Shahal (Labor) said only half the public had voted for the coalition. "Half the public is happy and half is sad, and I'm among the latter," he said.

MK Haim Oron (Meretz) complained that no minister was present for most of the plenum's first regular debate, and said he wondered whether the ministers were scared to leave their offices in case Sharon takes over while they're

out. MK Avraham Ravitz (United Torah Judaism) called on Sharon to consider long-term national needs before demanding that bodies such as the Israel Lands Administration be transferred.

FAISAL Hussein, the senior PLO official in Jerusalem, said he didn't know what all the fuss was about, after police yesterday threatened to prevent a gathering at Orient House, the PLO headquarters in the city.

A Police Ministry spokesman said in the morning that police were looking into the planned gathering, and would decide whether to prevent it on grounds it constituted illegal Palestinian Authority activity in Jerusalem.

In the meantime the gathering was moved to another site in east Jerusalem, and the police threat was lifted. Hussein said police overreacted, and that all that had been planned was a meeting of Non-Government Organization representatives.

He said there were electrical problems at Orient House, which

BILL HUTMAN

forced the event to be moved. "We often allow Orient House to be used by different organizations," Hussein told *The Jerusalem Post*. He described the planned meeting as "not one of our activities."

But according to a police source, the meeting at Orient House was to have included representatives of the PA, although

this in itself would not have constituted a violation of the rules limiting PA activity in Jerusalem.

Internal Security Minister Avigdor Kahalani is scheduled to meet with Jerusalem Police Commander Aryeh Amit today, to discuss, among other things, policy toward Orient House.

Sources in the Prime Minister's Office expressed satisfaction at the decision to cancel the meeting at Orient House.

Orient House clash averted

Katzrin to expand industrial zone

THE Katzrin local council is planning to expand the industrial zone near the Golan Heights township to meet projected demand for more factory space.

The plans call for the construction of an additional 10,000 square meters of industrial space over the next four years at an initial cost of NIS 14 million.

The work is to be carried out by the Katzrin economic development corporation, a subsidiary of the local council. This follows the expansion of several existing concerns in the past few years, including the Golan Winery, the regional dairy, a pottery company and a high-tech firm manufacturing night vision equipment.

Local council spokesman Shay Porat said the winery had invested NIS 4 million in the past four years to improve its visitors' center and increase production. The Golan dairy recently completed a new production line which boosted output by 20%.

Porat said the winery is expected to invest a further NIS 7 million on development and expansion projects and other firms a total of NIS 12 million over the next four years.

He said expansion of the industrial zone is expected to attract new firms to the region which together with the projected expansion of existing companies would create scores of new jobs.

Meanwhile, Porat said the first pre-army Betar youth movement group on the Golan would be coming to Katzrin in August and would live in the township and work on community projects for a year as part of their IDF service.

Rights group queries Arafat on jailed journalist

REPORTERS sans Frontieres, the Paris-based journalists' rights organization, wrote to Palestinian Authority President Yasser Arafat yesterday demanding to know why a Gaza journalist, who claims he has been tortured, has been jailed for three months without charges.

Samir Hamatou, 28, was arrested on March 17 in Gaza, two weeks after the Dizengoff Center bombing in Tel Aviv. He works for Quds Press in Gaza City, and writes for the dailies *An-Nahar* and *Al-Bilad*. He has also worked for *Ma'ariv*.

Two weeks ago he smuggled a note from jail saying he had been tortured physically and spiritually. He is married with one son.

Quds Press is considered sympathetic to Hamas and another of its reporters was jailed for seven months before being released, but Hamatou is the only journalist known to be in jail in Gaza now.

Bassem Eid, representative of RSF here, said that Palestinian law is so complicated that it is unclear how long a person could stay in jail without charges.

In another case, a journalist from Ramallah was jailed for one month on criminal charges, released, and then approached this week by preventive security agents. They asked him to cooperate by informing on his sources of information on stories involving drugs or weapons.

According to the the Palestinian Basic Law, now in its fourth draft, the constitution will protect press freedom.

NEWS IN BRIEF

Kahalani: We must honor Hebron withdrawal
Internal Security Minister Avigdor Kahalani said yesterday the Netanyahu government should honor its predecessor's agreements with the Palestinian Authority that call for IDF redeployment in Hebron. "In my personal opinion, we have to honor agreements and withdraw from Hebron," he told reporters at National Police Headquarters. He added that Jewish residents in the city and the Machpelah Cave must remain under IDF control and that territorial contiguity should be established between Hebron and Kiryat Arba.

ITV: Egypt acquired missile launchers
Channel 1 reported last night that Egypt recently acquired not only missile materials, but missiles and launchers that could be turned on Israel if a regional military crisis developed. Channel 1's uncorroborated report said the missiles and launchers originated in Eastern Europe, were transferred to North Korea, and then to Egypt.

French defense minister due here
French Defense Minister Charles Millon is scheduled to arrive in Israel next month on an official visit as part of the defense cooperation accord signed by Israel and France two years ago. The accord calls for a strategic dialogue to be held between the two countries every six months.

MANUFACTURER'S PRICE RISES, DEVALUATION, TAX INCREASES, CUTS?

106 PEUGEOT

205 PEUGEOT

306 PEUGEOT

405 PEUGEOT

ONE THING IS CERTAIN-TODAY YOU CAN BUY A NEW PEUGEOT AT 5% DISCOUNT

ON ALL 96' MODELS IN STOCK

PAY ONLY 20% IN CASH
The rest at preferred credit terms in up to 60 monthly payments (subject to bank approval)

EXCLUSIVE! 4 YEARS GUARANTEE

DAVID LUBINSKY LTD.

NAHARIYA, RECHEV HATZAFON - 5 Lachish Highway Tel. 04-9570760 ■ HAIFA, RECHEV HATZAFON - 5 S. B. Ben-Gurion, Tel. 04-5570811 - 15, REHEV HATZAFON - Harif bay 50, P.O. Box 44, Tel. 04-5411550, ERTEL COHEN - 71 Abnaya, Tel. 04-5572555, MESHUCHEH HAGALIL - Hatzitayim 7, Hatzitayim, Tel. 04-5411600 ■ HAZRON HAZLITA, A.R.Z. GOLAN SHEBUTEI RECHEV LTD. - Hatzitayim Ind. Zone, Tel. 04-9572770 ■ NAZARETH, SARUGI - Ind. Center, Tel. 06-757520 ■ ATULA, ROMEN MASHBIB AGENCY LTD. - 60 Keshet Zone, Ind. Zone, Tel. 09-43021 ■ UNMI EL FAHRY, NEBEL SA'AD - Umm el Fahan junction Gas station, Tel. 06-311190 ■ HADEERA, HAZLOSHA AGENCY - Ind. Zone, Tel. 06-33500 ■ NETANYA, HERMAN LEVINSKOFF - 50 Herzl, Tel. 04-711111 ■ TEL AVIV, 33003, BERMAN LEVINSKOFF - 22 Haharog, Old Ind. Zone, Tel. 09-335061 ■ Kfar Sava, FOSFELD - 5 Derech Haharog (Linas garden Building) Tel. 09-477154 ■ HERZELIA, RADEKEL - 14 Galgalim Plaza, Tel. 09-589104 ■ PETACH TIKVA, HATZITAYIM - 33 Haharogim, Tel. 03-931120, CENTER CLUB MOTORS LTD. - 71 Jaba'ot, Tel. 03-924711 ■ TEL AVIV, JAFFA, AD - EL - 2 Derech Ben Zvi, Tel. 03-682922 ■ RISHON LEZION, M.C. PUCHS LTD. - 17 SAKARON, New Ind. Zone, Tel. 03-9626768 ■ RAMLE, RAMLE SHERUTEI RECHEV - 6 Herzel, Tel. 09-9220514 ■ REHOVOT, AL MALCHA LTD. - 2 Haharog, Derech Yossef, Tel. 08-936551 ■ ASHDOD, A. ABADI - Ind. Zone, 70 Haharog, Tel. 08-936004 ■ ASHKELON, RAMAR LTD. - Afikim Ind. Zone, Topp.ORT, Tel. 07-733939 ■ BEERSHEBA, CARMELI - 3 Derech Heron, Tel. 07-779934 ■ EILAT, CHEN AGENCY - 54 Ind. Zone, Tel. 07-770101

Court criticizes firing of civil service head

THE High Court of Justice yesterday sharply criticized the government's decision to replace Civil Service Commissioner Yitzhak Galnoor, and issued a show-cause order giving the state two days to justify the move.

Justices Aharon Barak, Gavriel Bach and Mishael Cheshin were hearing a petition by the Movement for Quality Government in Israel, which Galnoor later joined as a co-petitioner. The petition argued that since the civil service commissioner's job is to prevent the politicization of the civil service, it is improper for a new government to throw out the incumbent as one of its first acts upon taking power. This move, the petition argued, creates the suspicion it is meant as an attempt to eliminate a stumbling block to planned political appointments.

In response, government attorney Osnat Mandel argued that the civil service commissioner has another job as well: He oversees government policy on all matters relating to administration and manpower. Since Prime Minister Binyamin Netanyahu plans a major restructuring of government ministries, she said, it is crucial that the civil service commissioner be someone who shares these goals and is prepared to implement them.

Furthermore, she said, attorney Shmuel Hollander, who is slated to replace Galnoor, can hardly be accused of politicization, since he served under the previous Labor government as both cabinet secretary and legal adviser to the Prime Minister's Office.

The justices, however, were incensed by two things: The way in which Galnoor's dismissal was handled, and the government's apparent violation of an interim injunction against Hollander's appointment.

Galnoor learned of his dismissal from rumors. He asked Hollander, who told him that he was slated to replace Galnoor the following day. Later that day, he got a call from the Prime Minister's Office, telling him to vacate his office and return his car and cellular phone.

"Did anyone speak to Galnoor?" Barak demanded. "Is this how you fire someone?... He's a human being!"

Barak said Galnoor should at least have been asked if he was willing to implement Netanyahu's new policies, just as other civil servants are given a chance to adapt to new directives before being fired. Mandel argued that Galnoor's case was different, since he is one of a handful of civil servants on special contract which permits them to be fired at will with a month's pay. However, Barak did not appear convinced.

The justices also slammed the state for going ahead with Hollander's appointment even after the court issued an injunction against it last Wednesday. One argument raised in the petition was that Hollander's appointment had not been approved by a special civil service committee, as

required. The government argued that this was not necessary, since Hollander had been approved by the civil service when he was appointed cabinet secretary. However, to be on the safe side, it set up such a committee the day after the injunction was issued, and the committee approved Hollander's appointment on Sunday.

Bach noted, however, that seeking the committee's approval violated the court's injunction against taking any action to implement Hollander's appointment.

Did anyone even ask the attorney-general whether it was legal to appoint the committee, in light of the injunction, Cheshin asked.

Mandel argued that the committee's approval was not really necessary. When Meir Gabbai was appointed commissioner, she noted, he was also not approved by a special committee, having already been approved by the commission for another civil service post. While the last two appointees were approved by a special committee, this was only because there was a question raised about whether they were political appointments, she said.

However, the justices noted, it may be that a circular issued by the attorney-general in these two cases made approval by a special committee standard procedure. Since the State Attorney's Office was unable to locate this circular, it is impossible to know for certain, they said.

The hearing will continue on Sunday.

Organization responded by suing the CDR. The Tel Aviv District Court ruled in the Organization's favor with respect to most of the specific issues. But it found that the CDR's basic charge against the Organization was correct: The Organization was abusing its clients' trust. Obtaining the German pensions entailed retroactively paying 25 years' worth of premiums, and most clients found themselves unable to come up with the necessary lump sum. The Organization had therefore arranged for its clients to get loans from a credit agency to make this payment.

However, when recommending this



Brig.-Gen. Ephraim Eitan (center) examines air-to-air missiles at the opening of Eurosat '96 in Paris yesterday. Story, Page 8 (AP)

Landau: Christopher should have delayed visit

SECRETARY of State Warren Christopher should have waited another two weeks before visiting, to give the government more time to review and make policy decisions, MK Uzi Landau (Likud) said yesterday.

"It would have made the visit more fruitful," said Landau, who was chosen yesterday to chair the Knesset Foreign Affairs and Defense Committee.

The division of seats on the committees leaves the Likud with just two members on the

prestigious committee - Landau and Ariel Sharon - while a third seat was given by the Likud to Molelet leader Rehavam Ze'evi. The National Religious Party has six representatives.

Landau said he hoped the committee would set aside their political differences and focus on the main issues concerning the committee, as a supervisory body.

"In an era when the prime minister's power is being increased [following the direct elections and establishment of the National Security Council] it will be important to stick to at least the former procedures, in which the Knesset can have an opening through which it can look at what the executive is doing," he said.

New MK Gideon Ezra, a former deputy head of the General Security Services, ran for the committee chairmanship against Landau, but the latter won 14 votes to three.

Court upholds ruling vs. company that misled pensioners

THE Supreme Court yesterday upheld a lower court's findings that a company which claims to help people obtain pensions from Germany is misleading its customers, but reversed a fine which the lower court had levied against the company.

The case stemmed from several suits filed by the company, called the Organization for Realizing the Social Insurance Treaty Between Israel and Germany, against a competitor, called CDR - The German Pension Center. Both companies claim to help Israeli citizens who are eligible obtain German pensions. The CDR had charged, in various publications, that the Organization was abusing its clients' trust to line its own pockets, and the

Organization responded by suing the CDR. The Tel Aviv District Court ruled in the Organization's favor with respect to most of the specific issues. But it found that the CDR's basic charge against the Organization was correct: The Organization was abusing its clients' trust. Obtaining the German pensions entailed retroactively paying 25 years' worth of premiums, and most clients found themselves unable to come up with the necessary lump sum. The Organization had therefore arranged for its clients to get loans from a credit agency to make this payment.

However, when recommending this

agency to its clients, the Organization never mentioned that it was a part-owner of the agency, and shared in its profits. The clients ended up getting little benefit from their pensions, because almost the entire monthly sum went to repay the loan agency.

The lower court therefore charged the Organization NIS75,000 in court costs, saying that despite CDR's improper behavior, it had performed a public service by exposing the Organization. The Organization then appealed to the Supreme Court. It also asked that CDR be obliged to pay it compensation for slander.

Justices Shlomo Levine, Tova Strasberg-

Cohen and Dorit Beinisch declined to intervene in the lower court's factual findings, but said they agreed with the lower court that the Organization had acted improperly in not informing its clients of its vested interest in the credit agency. For this reason, the court also rejected the Organization's request for compensation.

However, it accepted the appeal with respect to the court costs. Since the Organization won the specific suits it filed, it was hardly fair to make it pay the defendant's court costs, the justices said - and particularly since CDR's actions, even if they wound up promoting the public interest, were in and of themselves reprehensible.

NEWS IN BRIEF

Six people killed on roads

A young man was burned to death and his friend lightly injured when the car they were riding in hit a truck and burst into flames near Mehola in the Jordan Valley. The burned man was declared dead by MDA ambulances at the scene.

A 46-year-old Jerusalem woman was killed last night when a van hit her as she was waiting for a bus just outside of Ramle.

In a head-on collision between two trucks, a man was killed and two people seriously injured. A car overturned in the Jordan Valley in the morning, and the woman driving it was killed. In a collision on the Hebron-Kiryat Gat road, two people were killed, one person seriously injured and another moderately hurt.

Near Moshav Kadima in the Sharon, a man was seriously hurt when his car overturned.

Eleven people suffered light to moderate injuries when a van hit a pick-up truck near Baka Al-Gharbiya in Wadi Arz. The injured were taken in ambulances and private cars to Hillel Yaffe Hospital in Hadera.

Show-cause order against MK who remains mayor

The High Court of Justice issued a show-cause order yesterday against Likud MK David Re'em's failure to resign as mayor of Kiryat Ata after being sworn in to the Knesset, as required by a new law passed last year. Re'em is arguing that he should be allowed to remain as mayor for another six months. The court gave Re'em 15 days in which to justify his position.

Peace Watch: 200 days' closure since Oslo

A report by Peace Watch says that, since the Oslo accords were signed on September 13, 1993, there have been about 200 days of full closure in the West Bank and Gaza Strip, some 90 of them between February 25 and the elections last month. The last closure cost the Palestinians \$4 million to \$5m. a day, Peace Watch says.

New director-general for Interior Ministry

Interior Minister Eli Shluisa yesterday accepted the resignation of Director-General Amram Kalagi. He is to be replaced by Ya'acov Efrati, director-general of the Jerusalem Municipality. Kalagi wanted to resign two years ago, but because of the rapid turnover of ministers had agreed to stay on.

FASTEN

(Continued from Page 1)

But now it's time to pay up. Not only can the government no longer afford to live with an \$11 billion trade deficit or a \$4.1b. current-account deficit, but Netanyahu has hinged his political fortunes on a Thatcherist program of tax cuts and state-asset sales.

For this actually to happen would require a hefty NIS 5b. budget cut, and a wave of layoffs the likes of which has not been seen since the 1985 austerity plan. Only after drinking this bitter medicine can the remarkable growth the economy has seen so far this decade develop into a durable turning point in this country's economic history.

Yes, the layoffs will hurt. But ultimately they would generate the kind of healthy labor mobility which in the 1980s, following the cancellation of the Lavi fighter-plane project, dramatically accelerated the high-tech sector's growth rate.

Apparently, this is what Frenkel, Meridor, and Netanyahu have in mind. It is the rest of the government which has yet to understand that the fiscally expansive business that ministers traditionally tended to promote can simply not continue. The beauty of it is that they simply don't have any choice. If Frenkel's prodding won't help, then the currency, stock, and debt markets' effective whips will do the job later on.

Hopefully, Netanyahu's pre-election sound bites on economic issues will soon be translated into a comprehensive package of economic measures. In that event, we may have to fasten our seat belts for a rough ride in the near term. But, if well managed, Israel's long overdue Thatcherist revolution could lead to a soft landing just in time for the next elections.

Herzog tipped for Northern Ireland peace talks

FORMER president Chaim Herzog may be asked to chair the stalled Northern Ireland peace talks, according to unofficial sources in London.

Belfast-born and raised in Dublin, Herzog is in the rare position of not only having gained substantial diplomatic and political experience during his years at the United Nations and as president, but has close family ties with Ireland without being either Protestant or Catholic.

Some key leaders among the majority Protestant community in Northern Ireland have expressed dissatisfaction with President Bill Clinton's choice to chair the talks, former senator George Mitchell, who is of Irish Catholic descent.

Ian Paisley, leader of the Democratic Unionist Party, earlier this month denounced Mitchell as "a croaky of Gerry Adams," the leader of the IRA's political wing, Sinn Fein, before storming out of the talks.

Herzog, 77, told *The Jerusalem*

Post that he is "very flattered by the idea" that his name might be put forward. "I was born into the conflict and grew up with it," he said.

Political analysts in London said Herzog may prove the ideal compromise candidate. The other main candidate whose name has come up informally as an alternative to Mitchell, Henry Kissinger, is not considered suitable because of his lack of ties with Ireland.

Herzog had a distinguished career in the British army during World War II, becoming head of intelligence in Germany, but through family connections he has also been close to the nationalist community in Ireland.

His father, Isaac, was the first chief rabbi of an independent Ireland, and a lifelong friend of Irish nationalist leader and prime minister Eamon de Valera, as a result of which Ireland is the only country in Europe whose constitution specifically mentions rights for "the Hebrew communities."

Therapist indicted for sodomizing clients

CLINICAL psychologist Alexander Milo was indicted by Tel Aviv District Court yesterday on charges of sexually molesting two of his male clients.

Milo, who has tried to take his own life in the Abu Kabir lock-up, admitted to police that he committed sodomy and other indecent acts on male clients, while telling them this was part of their treatment.

According to the charge sheet, Milo, 49, told clients they would recover from their problems after sexual experiences with him.

Initially the clients were afraid to complain to police about the psychologist's alleged actions.

According to a district attorney's office representative, the fact it took them a while to complain shows the influence a man in Milo's position had on his clients.

According to the charge sheet, one client was sexually abused for 12 months, while the second was abused for six years. One of the ways Milo misused his role as a therapist was to hypnotize his clients while they were naked.

The case surfaced when a 23-year-old man filed a complaint to Holon police, who launched an undercover investigation before arresting Milo. Following his arrest, other male clients lodged similar complaints.

Omer mayor bans Gefen concert

MK Pini Badash (Likud-Tsomet), the mayor of Omer, has banned an appearance by pop star Aviv Gefen in his town because the singer did not serve in the army.

Badash's decision was confirmed by his spokesman, Nissim Nir.

Gefen's lawyer, Ron Mayor, told Israel Radio talk show host Shelly Yehimovich that Gefen had volunteered to serve in the army after being found medically unsuitable, but the army turned down his offer.

Mayor charged that Badash had previously exploited his position and forced his opinions on the general public. "It is not the first time that people have reacted to Aviv in a way that has nothing to do with the facts," he continued. "Unfortunately, he has gotten used to it. But to say that it doesn't affect him would be an exaggeration."

According to Nir, the performance was scheduled for July 5.

Meanwhile, Israel Radio reported that pop stars Rita and Kani Kleinstein will not appear at the annual Arad festival, where three teenagers were crushed to death at a concert last year. The two joined other stars, including Shlomo Artzi, in boycotting this year's festival, the radio said.

Hunger striker protests single minister for Agriculture, Environment

A CONCERNED private citizen has launched a hunger strike to protest the decision to have only one minister in charge of both the Agriculture and Environment ministries.

Veterinarian Bernard Hurwitz started the strike this week with a friend and says he intends to continue it until the government reconsiders its decision to have one minister - Rafael Eitan - in charge of both portfolios. "There is a clear conflict of interests here between the pressures of the farmers who are interested in rezoning land for industry and environmentalists who want to preserve land resources," Hurwitz said yesterday. "Israel will be the most backward country [in the western world] when it comes to environmental management and protection."

He also said the two ministries have conflicting ideas on wildlife management, pesticide use, and the pollution problems resulting from agricultural policy such as the disposal of animal feces and waste. "People are ignoring the tremendous pressure on land use," he said. "But things can't carry on like this."

Hurwitz is also writing protest letters to the prime minister and

other government officials. Although he started his action as a private individual, he has won the support of the Society for the Protection of Nature in Israel for his struggle.

Forecast to include UV ray intensity

THE Meteorological Service will soon issue a daily forecast on the amount of ultraviolet rays that reach various parts of the country. Israel will thus join Canada, Australia and the US, whose residents have heard such forecasts for several years.

Continual and uncontrolled exposure to the invisible ultraviolet rays of the sun can cause serious health dangers over one's lifetime, experts warn. Not only does UV light age the skin, but it can also cause cataracts in lens of the eye and melanoma and other types of skin cancer. The incidence of melanoma has increased by 300% during the past three decades.

An inter-disciplinary team of scientists from Rambam Hospital, the Meteorological Service and the Haifa Technion's school of medicine and architecture faculty have developed a technique to estimate the level of UV radiation from data collected at 20 stations around the country.

The scale will range from below 4, when the danger is low; 4 to 6.9, when the danger is moderate; 7 to 8.9, when the danger is high; and over 9, when the danger is extreme. The team aims at increasing awareness of the dangers of UV exposure.

The public will be warned to avoid exposure to the sun during the peak hours from 10 a.m. to 4 p.m. and also to use sunscreens, wear broad-brimmed hats and light clothing with long sleeves. The team is also planning to conduct research on the changes over the years in the intensity of UV radiation in Israel and the Middle East, and the effects on UV levels resulting from changes in the stratospheric ozone layer due to air pollution.

LONE WOLF

A Biography of Vladimir (Ze'ev) Jabotinsky

by Shmuel Katz

This is the long-awaited English version of the biography of one of the most dramatic figures of 20th century Jewish history - Ze'ev Jabotinsky, founder of Revisionism - journalist, novelist, poet, soldier, linguist and outstanding orator. Shmuel Katz has drawn on archival material, unpublished and newly translated letters, and extensive sources for this account of the center of Zionist history in the 1920's and beyond. Katz himself is known as an author and newspaper columnist; he has used newly available archival documentation in this meticulous and comprehensive biography, from Odessa, 1880 to New York, 1940. Previously published in Hebrew as JABO. Hardcover, 2 vol., 1856pp.

Price NIS 169 + NIS 10 for mailing in Israel
For door to door delivery (where available) price NIS 188

To: Books, The Jerusalem Post, POB 81, Jerusalem 91000. Please send me LONE WOLF. Enclosed is my check payable to The Jerusalem Post or credit card details.

Visa ISC/MCD Diners AmEx

CC No. _____ Exp. _____ ID No. _____

Name _____ Address _____

City _____ Code _____ Tel. (day) _____ Signature _____

02-241288
Fax: 02-241289

02-241288
Fax: 02-241289

Russia's Zyuganov seeks post-election pact

COMMUNIST presidential candidate Gennady Zyuganov, trailing President Boris Yeltsin in opinion polls ahead of the July 3 election runoff, called yesterday for a national peace pact and a coalition government.

News agencies
MOSCOW

Zyuganov, spelling out details of a proposal he has made before, suggested a three-way carve-up of government posts after the election, based on results of December's parliamentary poll.

There was no immediate reaction from Yeltsin's camp but liberal ex-candidate Grigory Yavlinsky, who announced conditional backing for Yeltsin yesterday, dismissed the idea.

The communists cannot be confident of victory. They have no grounds for this. This proposal is repeated from time to time and I cannot not take it seriously. It is pre-election propaganda," he said.

Yeltsin received a boost yesterday when the liberal Yabloko movement led by Yavlinsky decided to back him in the runoff, setting only mild conditions for their support.

Yavlinsky wrote a letter to Yeltsin seeking a more welfare-oriented economic policy, a commitment to ending the war in Chechnya, and a pledge to reduce his powers.

The Yabloko leader, who won 5.5 million votes in the first round, told a news conference he saw no chance of Zyuganov winning.

"Half of the people who voted for me will now vote for Yeltsin, but we are now talking about the other half of my voters. If these votes are so important for Mr Yeltsin, he has to

convince them to vote for him."

But the pro-government political movement Our Home is Russia sharply criticized former presidential candidate Yavlinsky yesterday for his lukewarm attitude.

Yavlinsky, a liberal economist who came in fourth in last week's first round of presidential voting, has been resisting endorsing Yeltsin in the runoff.

"Yavlinsky's inability to make up his mind and clearly express his position as to whom his movement will support in the July 3 runoff is very frustrating," said Sergei Belyayev, leader of the Our Home faction in parliament.

Yavlinsky, who heads the Yabloko party, was showing "detachment from his electorate and political childishness," Belyayev told the Interfax news agency.

Communist leader Zyuganov proposed a list of names for a "Council of National Accord" including leaders of all parties in the State Duma, the lower house of parliament. After the election the body would be changed by a constitutional amendment into a State Council which would essentially take over the powers of the president.

Zyuganov, 51, who has not campaigned since the June 16 first round in which he trailed Yeltsin by three points, declined to answer questions on his plan but said he would hold a news conference

today. He said the Council would lay down policy and form a national unity government in which a third of posts would go to his communist-led "national-patriotic" bloc, a third to the current government and a third to other Duma factions.

"Russia is in a serious situation and no single political force is in a dominant position," Zyuganov said, citing the danger of a "national collapse."

Zyuganov's passive campaign has raised doubts about whether he and his backers are really interested in winning the runoff. He is said by his aides not to be planning any campaign trips.

Some Russian analysts say the communists want to come a respectable second to Yeltsin and use their control of the Duma to bargain over the new cabinet.

Yeltsin has promised to renew his team but has shown no inclination to compromise by bringing in communists or dilute his own powers. When he organized his own "Treaty of National Accord" in March 1994, the communists boycotted it.

Last week he sacked three top officials, including personal security chief Alexander Korzhakov, who were said by Russian commentators to be sympathetic to communist coalition overtures.

Zyuganov's list of suggested cabinet members included two Yeltsin loyalists, Moscow mayor Yuri Luzhkov and Murtaza Rakhimov, president of the ethnic republic of Bashkortostan.



An Orthodox priest preaches to Ukrainian commandos during a break in field exercises at their base near Kiev yesterday. Since Ukraine's split from the Soviet Union, the church has taken a firm foothold in the country's military. (Reuters)

Hague war crimes tribunal to hear testimony against Karadzic

THE HAGUE (Reuters) - Witnesses will take the stand in the Hague court Thursday to testify against separatist Bosnian Serb leaders Radovan Karadzic and General Ratko Mladic, co-accused of genocide in the Bosnian war.

But neither Karadzic nor his military henchman will be in the dock at the UN war crimes tribunal for former Yugoslavia.

The tribunal's two most wanted men, charged last July with atrocities during the three-year siege of Sarajevo and again, four months later, over the bloody Serb assault on the UN "safe area" of Srebrenica, are widely seen as the main obstacle to peace in the former Yugoslavia.

They remain at large, running their political and military operations from the Bosnian Serb stronghold in Pale.

Hobbled by the international community's political inertia and unable itself to go to Bosnia and arrest those it accuses of war crimes, the tribunal has to fall back on its Rule 61 process - a mechanism which allows prosecutors to present evidence at public hearings against those charged but not arrested.

But the rules of the tribunal, set up by the UN Security Council in 1993, do not allow for a trial in absentia.

"Rule 61 is a reminder to the international community to keep its word and enforce its own decisions following the Dayton agreement," said tribunal spokesman Christian Charlier.

Over seven days, survivors and witnesses will give evidence

about a long, grim list of atrocities allegedly orchestrated by the two Bosnian Serb leaders.

One key witness is likely to be Drazen Erdemovic, a young Croat who pleaded guilty to crimes against humanity in May, claiming he had been forced to take part in the summary execution of hundreds of unarmed Muslim men at Srebrenica.

He is due to be sentenced in early July but not before he has given evidence.

Ton Karremans, commander of the Dutch UN peacekeeping force at Srebrenica, is also due to testify.

Judge Fouad Riad is expected to confirm the indictments and issue international arrest warrants against Karadzic and Mladic, making them fugitives, unable to

leave Bosnian Serb territory without the risk of capture and extradition to The Hague.

Announcing the Srebrenica indictment, Riad said events in July 1995 were like scenes from hell, with "unimaginable savagery" against Muslims, as many as 6,000 of whom are believed to have been slaughtered in what has been called the worst atrocity in Europe since the end of World War Two.

The two men are accused of responsibility for other alleged atrocities throughout Bosnia - the sniping campaign against civilians in Sarajevo, the holding of UN peacekeepers as human shields, mass executions and the shelling of Tuzla in northern Bosnia that left 195 people dead and wounded.

3 die in Pakistani political riots

ISLAMABAD (AP) - Interior Minister Nasrullah Babar called for a judicial inquiry into the deaths of two protestors and a police officer killed Monday when police clashed with a mob of anti-government demonstrators.

At least 60 others were wounded, nine of them seriously, when police shot at 500 demonstrators who were marching on the capital to protest a new budget with heavy new taxes, state-run Pakistan Radio reported.

Twenty of the injured were police officers, the radio report said.

One police officer died of injuries he sustained when a mob retaliating for the shootings ransacked and set fire to his highway sentry post.

In a brief statement to lawmakers in the capital, Islamabad, Babar admitted the protestors had been killed by police, but accused the demonstrators of turning violent.

"Several persons among the protesters were armed," Babar was quoted as saying by state-run media.

The government called in the army to block roads linking Rawalpindi to Islamabad, just 10 km away.

The demonstration, led by Pakistan's small but powerful right-wing religious party, Jamaat-e-Islami or Party of Islam, quickly spun out of control, witnesses said.

The mob screamed anti-government slogans and pelted police with stones and empty bottles, they said.

Police retaliated, firing dozens of tear gas shells that sent the crowd of mostly young men in their 20s scurrying into a maze of narrow alleyways.

When they returned some were carrying burning tear gas shells wrapped in a wet rag that they hurled back at the police.

Police fired bursts of bullets into the air but sometimes into the crowd, said one witness.

"The police aren't trained. First the rifle is in the air and then it's aimed at the crowd," said Khurshid Ahmed, a local photographer.

The body of one young worker, barely 20, was carried by his comrades to a nearby building, where Jamaat-e-Islami leader Qasi Hussein Ahmed said a prayer for the dead boy.

"He was shot in the stomach and he was bleeding a lot. He died on the spot," said Khurshid Ahmed.

Another wounded protestor died later in hospital. The government blamed the killings on the protestors saying several policemen were injured in the fracas.

"Scores of people sustained injuries and dozens of vehicles damaged when a mob ... turned violent and resorted to firing," the official Associated Press of Pakistan said.

Demonstrators later set fire to a police station in Rawalpindi and beat the lone police officer on duty there, said a police spokesman, who did not want to be named.

Ahmed was briefly detained by police but was later released.

Quebec national celebration turns violent

QUEBEC (AP) - Rioters broke hundreds of windows, looted shops and set fire to a government building as Quebec's national holiday celebrations turned violent early yesterday.

Five police officers were injured and about 80 people arrested in the rioting in the historic district of Quebec's old quarter. The damage was estimated by police at \$500,000 (NIS 1.2 million).

Bricks and rocks littered the streets and repair crews replaced some of the hundreds of broken windows in office buildings, restaurants, hotels and banks.

Flower pots were turned over, wooden benches were pulled apart and glass bus shelters were destroyed in a rampage lasting about four hours.

Quebec City Police Chief Normand Bergeron said 240 police officers were on duty but with an estimated 2,000 rioters, "it's difficult for police to do their job." None of the police injuries was serious.

Nigeria starts campaign against Commonwealth suspension

LONDON (AP) - A 17-strong Nigerian delegation began a campaign yesterday to lift Nigeria's suspension from the Commonwealth and avert sanctions and possible expulsion from the 51-nation organization.

The delegation led by Foreign Minister Tom Ikimi held talks behind closed doors with a special Commonwealth committee which is considering steps against Nigeria's military government for its blatant disregard of human rights and democracy.

The committee was established last November when Nigeria was suspended from Commonwealth membership at the organization's summit meeting in Auckland, New Zealand. While the meeting was in progress, the regime executed nine minority Ogoni leaders, despite international pleas for clemency.

Lagos's *Thisday* newspaper reported yesterday that during Nigeria's two-day meeting with the Commonwealth, Ikimi will demand the lifting of Commonwealth suspension, the cessation of talks about further sanctions against Nigeria and support of the Commonwealth for Gen. Sani Abacha's three-year transition to democracy program.

Ikimi also wants a platform for regular dialogue between the Commonwealth and what he termed "Nigeria's credible government," the paper said.

The eight-member Commonwealth Ministerial Action Group, chaired by Zimbabwe's Foreign Minister Stan Mudenge, also includes the foreign ministers of New Zealand, South Africa, Ghana, Malaysia, Jamaica, Canada and Britain. Abacha has refused to allow the group to visit Nigeria.

The *Financial Times* said yesterday that the outcome of the meeting will affect Nigeria's main trading partners, the United States and the European Union.

"Both are reluctant to apply economic sanctions against the oil-rich country and are looking to the Commonwealth to take the lead," the paper said.

British companies are the largest investors and exporters to Nigeria.

At its last meeting in April, the ministerial group recommended that Commonwealth members ban arms exports to Nigeria, withdraw military attaches, halt military training, ban sporting contacts and downgrade cultural links with Nigeria.

US Supreme Court will decide on Clinton sexual harassment case

WASHINGTON (AP) - The US Supreme Court agreed yesterday to decide whether a sexual-harassment lawsuit against President Clinton should be delayed while he remains in office. The action puts the lawsuit by a former Arkansas state employee on hold until after November's presidential election.

The court said it will hear Clinton's argument that presidents have "unique responsibilities" and almost never should have to face trial in private civil lawsuits while in office.

The justices are expected to hear arguments this fall or winter in the lawsuit filed by Paula Corbin Jones. The court likely will issue a ruling in 1997.

Clinton welcomed the development. "The White House is pleased that the court has recognized the merits in the petition put forward

by the president's attorneys," press secretary Mike McCurry said while traveling with the president in Nashville, Tennessee.

McCurry said the president was informed of the ruling during a break in the families' conference he was attending there.

Jones' lawsuit alleges that Clinton propositioned her in a Little Rock hotel suite in 1991 while he was governor of Arkansas, but that she rejected his suggestion.

Clinton has denied ever having an encounter with Jones and has said he cannot recall whether he ever met her.

Jones, who filed the lawsuit in May 1994, is seeking more than \$750,000 in damages. A federal judge in Arkansas ruled that a trial should be delayed until Clinton leaves office but that pre-trial fact-gathering could begin.

An appeals court, however, ruled in January that the case could go to trial during Clinton's presidency.

"We hold that the Constitution does not confer upon an incumbent president any immunity from civil actions that arise from his official acts," the appeals court said. It said the trial judge should manage the case to avoid interfering with Clinton's official duties.

In the appeal acted on Monday, Clinton's lawyers said that absent "exceptional circumstances," a sitting president should not have to face trial in a private civil lawsuit.

No other president ever has been compelled to do so, his lawyers said, adding that a trial could jeopardize the constitutional separation of powers between the judiciary and presidency.

Notice is hereby given to stockholders of Y.O.E.L. Jerusalem - Oil Exploration Ltd.

In accordance with the Security Regulations (Bids for Acquisition) 1994 (henceforth "Regulations of Bids for Acquisition")

by Mr. David Eliyashiov, I. D. no. 001426578 (the Bidder).

That on June 20, 1996, the bidder submitted to the Securities Regulation Commission, to the Tel Aviv Stock Exchange Ltd., to the Registrar of Corporations, and to Y.O.E.L. Jerusalem Oil Exploration Ltd. ("the Company"), a proposal of an offer of acquisition, according to the specifications of the regulations of offers for acquisition, addressed to all the holders of regular stock of NIS 1 of the Company (henceforth "the stocks"), to acquire from the stockholders 20,920,555 shares in the company, constituting 25% of the total stocks issued and redeemed by the company.

Date of specifications: June 20, 1996.

According to the specifications:

- The bidder is interested in acquiring from the stockholders 20,920,555 regular stocks of NIS 1 each of the company, which constitute 25% of the total stocks issued and redeemed by the company.
- The bidder will pay NIS 2.80 (280%) for each 1 shekel whole stock to be acquired by him in the context of the sale purchase offer. The closing price of the stocks on the Tel Aviv Stock Exchange as of June 19, 1996 was NIS 2.27 (227%).
- A precondition of the bidder's commitment to purchase the stocks under the proposal is that the minimum degree of response be no less than 25% of all the stocks offered and redeemed by the company, that is, not less than NIS 20,920,555 regular shekel stocks. Should the degree of response be less than that amount, the bidder is permitted not to acquire any stocks, or to acquire all of the stocks that have been proposed in practice under the conditions of the offer of purchase.
- The offer of purchase will be executed by means of exchange member, the Bank Iqud Le-Israel Ltd. (henceforth "the bid coordinator"), by the method detailed in the specifications. The bid coordinator will ensure the execution of the bidder's obligation to pay the amount specified in the purchase offer.
- Notification of acceptance may be submitted between June 20 and July 4, 1996 (dates of acceptance), between 9 a.m. and 2 p.m.

Stockholders who are not listed in the company's registry of stockholders may submit a notification of acceptance to the member of the Stock Exchange holding their deposit, as detailed in paragraph 5.1 of the Regulations.

Stockholders who are listed in the company's registry of stockholders may submit a notification of acceptance to the office of the bid coordinator, Bank Iqud, Diamond Exchange Branch, 3 Rehov Jabotinsky, as detailed in paragraph 5.2 of the Regulations.

Copies of the full text of the specifications can be obtained from banks, from members of the Stock Exchange, and from the office of the bid coordinator, as given in paragraph 5 above.

Copies will be sent to stockholders registered in the company, to the address listed in the company's books.

The full text of the specifications is binding. This announcement does not obligate the bidder nor does it constitute an offer by the bidder.

David Eliyashiov

THE POMEGRANATE PENDANT: A Historical Novel by Dvora Waysman

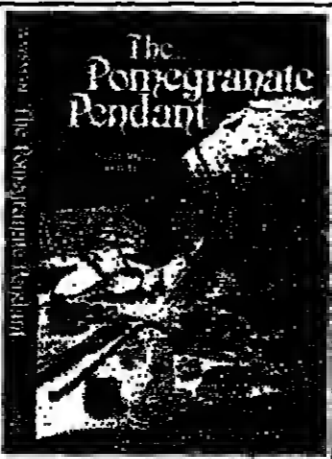
This is a novel of Jerusalem, seen through the eyes of Mazal ben-Yichya - a fourteen year old newlywed in Sana'a in the year 1881, through the years in the Jewish Quarter, to the finale in 1956. The events, people and streets of Jerusalem are made real for the reader.

"...I closed the book reluctantly; I did not want the spell to be broken." Reuven Ben Dov, The Jerusalem Post Magazine.

Hardcover, 217 pp. JP Price: NIS 49 incl. VAT, plus NIS 5 for mailing in Israel.

To: Books, The Jerusalem Post, POB 81, Jerusalem 91000 Please send me *The Pomegranate Pendant*. Enclosed is my check for NIS 54, payable to The Jerusalem Post. Credit card orders accepted by phone/fax.

Name _____ Address _____ Code _____ Tel. (day) _____ City _____



ORDER BY PHONE OR FAX 02-241282 Fax: 02-241212

An operatic death and the maiden

MICHAEL AJZENSTADT

DEBORAH Riedel demurs when reminded that she's been hailed by Australian critics as the new Dame Joan Sutherland.

The Australian-born soprano will be singing one of her favorite roles, that of the consumptive Mimì in Puccini's La Bohème, six times with the Haifa Symphony Orchestra early next month.

She adores the role. "Puccini deals with normal human beings. It's timeless music relatable to every situation - even AIDS - which is why it can be updated. Everyone can relate to the love, hate and denial in it."

The opera has a personal resonance for Riedel. "It's interesting to explore that aspect of life; we are all going to face it at one stage and it's quite a challenge. Personally I have only lost my great-aunt in my lifetime so I have yet to be touched by death. And

dying on stage is an interesting way to explore it."

But why does Mimì have to die? "Life isn't always happy endings," Riedel argues. "Puccini wanted something that didn't end happily, he was inclined to go for the tragedy, for stronger and more theatrical emotions. You must realize that he was a very good writer for the box office."

THE AUSTRALIAN diva, who began her career as a mezzo-soprano but in the last eight years has switched to soprano roles, now lives in London with her husband, tenor Paul Ferris. "We still have a house in Australia and visit regularly. After all this is our emotional home."

She will make her Metropolitan Opera debut in New York next season as Donna Anna in Mozart's Don Giovanni, a role Sutherland sang all over the world. But Riedel feels most comfortable singing Bellini and Donizetti. "I think I'm best served in the bel-canto repertoire."

Although she has always sung Mimì in staged productions, Riedel is looking forward to the concert performances in Israel:



'La Bohème' can be updated to relate to AIDS, says Riegel

"The audience will be able to feel the music and the language even more strongly. We will have to paint the pictures of the situation, to create those feelings."

She promises not to wear a regular concert gown for the occasion but something more in keeping with the character. "I'm having it especially made, it's not too flamboyant but rather more restrained and refined. This new gown will give a better picture of Mimì as a character." As for the color of the gown, "that's a surprise and in order to find out you'll have to come to the concert."

The HSO presents La Bohème July 7, 8, 10 and 11 in Haifa, 13 in Kiryat Haim and 14 in Jerusalem.

Tragedy shadows Arad fest

HELEN KAYE

THE show must go on, say organizers of the Arad Festival, despite pleas from the parents of three teenagers

trampled to death during last year's pop-music event. On July 8 Tel Aviv District Court is scheduled to hear a petition from the parents of stampee victims Eitan Peleg, 17, Na'ama El-Kariv, 15, and Chen Yitzhak, 16, to prevent the festival from taking place. Meanwhile, the organizers say precautionary measures have been taken for the August 6-8 event. The deaths and more than 150 injuries occurred last July 18, preceding what was to have been Mashina's farewell concert.

"Nothing has changed," said Orli El-Kariv, mother of one of the victims. "The same people are running the show. They told us last year that nothing would happen to our children, and I lost my daughter. Do we live in a banana republic, that nothing has been done?"

The results of a government and police inquiry were forwarded to the southern regional district attorney's office, but DA Yiska Leibowitz has not yet completed her investigations.

Justice Department spokeswoman Eti Eshed says the DA's office expects to work intensively on the file during the summer

court recess and that a decision can be expected sometime during the fall.

The Atarock, where the stampede occurred, and the stadium itself will not be used this year, said festival producer Nahum Langsam. The festival will be smaller and confined to venues where security can be strictly monitored. The entire festival, he stressed, has been planned as meticulously as a military operation.

The required chief security officer (there was no one working in this capacity last year) is known only as Gershon "because he works in a sensitive unit and we can't publish his last name," Langsam said.

Veteran producer Langsam has replaced last year's producers, Roy and Yossi Schwartz, who were blamed for the disaster along with Arad Festival Association heads Bezalel Tabib (who is also the mayor of Arad), Avinoam Werbner and Moshe Glantz. Although Werbner resigned from the AFA, he is still deputy mayor of Arad.

Asked why the festival couldn't be postponed until the DA published her findings, Langsam said that if the festival was canceled "it

will be the end of the Arad Festival because the money won't be available."

The Arad Festival budget is about NIS 5 million, about NIS 1m. of which comes from the Arts and Culture Authority. About 30 percent of the budget comes from the Arad municipality and the rest comes from tickets, priced at NIS 30 to NIS 80, and other government bodies such as the Tourism Ministry.

Beyond the question of funding, the festival impacts on Arad's image. If that image isn't positive, hinted Laogsam, then it was more than likely "that Arad will decide it doesn't need the festival."

MEANWHILE, if it goes ahead, there are enough top stars to make the festival attractive and enough rising stars to make it intriguing. Headline acts, most produced especially for the festival, include appearances by Rita and Boaz Sharabi, Zohar Badeshe - an evening of songs by Zohar Argov performed by Margalit Tsan'ani, Shlomi Shabat and others, Hahovrim shel Beni - an evening dedicated to the late Beni Amdursky featuring his longtime partner, Yisrael

Gurion, and Amdursky's son, Assaf.

There'll also be a musical encounter between Arkady Duchin and Meir Bani, as well as an evening of songs by Moshe Wilensky with songwriter Ehud Manor, hosting singers and groups performing the songs that had all Israel humming in the '40s and '50s. Rising stars include Sivan Shavit, Dana Berger, Johnny Shuali and Amir Lev.

There will be a special ceremony honoring the dead on August 5, to which festival participants are invited.

But this does not mollify the parents. "The very fact that the festival format is the same [three days] signals that as far as Arad is concerned nothing happened," says Michael Peleg. "I have not declared war on Arad. My son is dead and nothing will bring him back. I just don't want any more children to die there."

El-Kariv says that she learned of the decision to hold the festival from a newspaper and was shocked that the victims' families had not been consulted.

"Even if the courts rule against us," she said, "we won't go quietly. We'll spoil their festival for them, make people uncomfortable to be there."

No power shortage here

IN TUNE DAVID BRINN

LOAD Metallica (Helicon)

Metallica has always done whatever it wanted. The most popular heavy-metal band in the world got that way without the help of radio, MTV or any of the other usual outlets. Instead it took its music directly to the denim-jean-clad youth of America and then Europe, who accepted the band's deafening, frantic sound as its own.

The music business has come to deal with Metallica on the band's terms and not the other way around. For this reason, even if its music is just too heavy for your tastes (as it is for mine), the band deserves the respect accorded rock's most touted iconoclasts.

As the years have passed, the band's pyro-speed metal and rumbling rhythms have been gradually replaced by more standard hard rock. But Metallica has never abandoned its integrity. Indeed it was even asked to headline the hipper-than-thou Lollapalooza Festival this summer.

With the release of Load, its most diverse album, the band continues to explore new realms while still blowing out the speakers.

The band's first album since 1991's wildly successful self-titled effort (called the Black Album by fans), Load offers more of the same and also less of the same. Half the tracks still consist of crunching guitars, plodding rhythms and singer James Hetfield's growling, roaring vocals. If you like it, you love it.



Heavy-metal's Metallica attained a late-blooming hipness by refusing to depart from their deafening, frantic formula.

If you don't, it sounds like punishment.

On the other half of the disc, the rhythms become a little lighter, the tempos a bit more subtle and the music more than one-dimensional.

Taking a cue from the Black Album's musical highlight, "Nothing Else Matters," the band experiments with vocal harmonies, chiming guitars and a toned-down sound.

And it works! Tunes like "Unó! It Sleeps" and "Hero of the Day" hit the mark both musically and emotionally. But both pale in comparison with "Mama Said," a powerful acoustic tune that's embellished by Hetfield's poignant pedal-steel guitar. Apparently about the death of the mother of one of the band mem-

bers, the tune shines with emotional intensity.

The testosterone crowd will love this album for the crunchers, but the rest of us can also get something out of it. Metallica has learned that power doesn't come only from amplifiers.

HAPPY HOUR SWATCH PARTY

Compilation (Hed Artzt) I can guarantee that most of you have heard some of these tracks before. Remember the last time a car sped by while you were walking? Its windows were open and a young male driver with his hair slicked back had music playing from the state-of-the-art CD player. It was so loud and the car was vibrating so strongly, you thought it might explode. The only distinguishable pattern was a steady "thumpa thumpa thumpa" that sounded totally unnatural, as though it was made from heavy machinery or a power drill.

Well what you were hearing was one of the hit songs from this collection of dance, trance and house music that are staples across the country's discos.

I couldn't distinguish between the dance and trance part because it all put me into a trance. Only near the end of the 16 tracks, when I heard a snippet of an actual melody sounding similar to U2's "Where the Streets Have No Name," did I break out of the trance, only to be lulled back in by the next track.

For better or worse, Hoppy Hour's industrial sludge represents the sound-track music of the '90s

much the same way that the retro-TV hit Happy Days represented the music of the '50s. And the guy driving the noisy car is Richie Cunningham 40 years later.

AIN'T THAT A SHAME

Hush-puppled crooner Pat Boone, who 35 years ago sanitized the music of Little Richard and Fats Domino for white audiences, intends to make heavy metal palatable for the geriatric set.

The Christian singer, now 62, has been smitten by the air-guitar bug and is planning a fall album with 13 covers of his headbanging favorites. Included will be covers of Guns 'n' Roses, Megadeth and Metallica, and featured players will include Slash, Eddie Van Halen and Alice Cooper.

Going to hell and back with a revised 'Don Giovanni'

CONCERT ROUNDUP

WHY önker with perfection? The Israel Chamber Orchestra did its best with Amnon Wolman's Mozart's Don Giovanni Revisited, but still failed to convince that it was worth doing in the first place.

Fortunately, the same cannot be said of the performance of Rimsky-Korsakov's lovely short opera, Mozart and Salieri.

The two operas featured four excellent singers: bass Yuri Kissin as Salieri and tenor Evgeny Shpravalov as Mozart in Mozart and Salieri; and the adorable and recently much missed soprano Gladys Mayo as Donna Elvira, and baritone Dan Ettinger as Don Giovanni, in Wolman's Don Giovanni Revisited.

In Wolman's work, Donna Elvira alone represented all of the

Don's women. She and the Don were shown as an ordinary couple whose life was an eternal sequence of quarrels and reconciliations.

To implement this idea Wolman incorporated various short scenes from Mozart's original opera, interpolated by 18 short sections from the overture. And he used a huge display of electronic devices: recorded original Don Giovanni excerpts transmitted via a computer, very beautiful landscape images, torsos, pillars of a palace, a variety of frightening masks, displayed on a huge video screen, an amplified harpsichord, and of course the orchestra, which was incompetently and carelessly conducted by Yuli Turovsky.

Wolman pursued his ideas and used his technical means with remarkable persistence, but it still ended with the Don being condemned. If Wolman intended to overturn and overhaul Mozart, why not have the Don lifted up into paradise?

Perhaps Wolman, who directed his own work brilliantly, is a more imaginative and productive as a director than as a composer.

Noga Theater, Tel Aviv, June 20. Benjamin Bar-Am

THE Jerusalem Symphony Orchestra is a musical chameleon. On certain nights it can play like some of the best orchestras in the

world. But on others it delivers some truly embarrassing renditions of the great masterpieces in the repertoire. Some conductors, however, consistently manage to draw the best from the orchestra and one of them is its chief guest conductor, Sergiu Comissiona.

Comissiona led the orchestra in a towering rendition of the overture to Verdi's rarely performed opera I Vespri Siciliani. The overture was played with a huge, yet refined sound. His rendition of excerpts from Prokofiev's monumental ballet Romeo and Juliet was stunning in its care for details on the one hand and its sheer magic on the other. In between Comissiona and the JSO provided a very delicate yet robust accompaniment to Silvia Marcovici's vivacious playing of

the Khachaturian violin concerto. Henry Crown Symphony Hall, June 19. Michael Ajzenstadt

This 'Swan Lake' takes flight in Caesarea

DANCE DORA SOWDEN

THE immortal bird of ballet never fails to stir the expectations, work on the emotions and conjure up glamour. London's Royal Ballet presented its latest version of Swan Lake at the Caesarea amphitheater (June 22).

Was it the shimmering night sky? Or was it something in the style of the Covent Garden company now so miraculously suited to this tale of woe in all its beauty? It was probably both. This was a performance to remember and quote as a ballet landmark, especially for its crowd scenes, but also for its staging, decor and costumes; in short its beauty. Of the principals, Darcey

Bussell was an appealing, elegant Odette-Odile. Her Odile didn't differ much from her Odette as a dancer, but she didn't show enough "wickedness" to be her father's daughter or to blind the prince to her nature.

Her capable prince (Jonathan Cope) was handsome, and more than just the prima ballerina's prop. The four cygnets' pas-de-quatre was charming. The trio who entertained the prince in his garden was outstanding and the trio of Errol Pickford, Belinda Hatley and Nicole Roberts was excellent.

The Bat-Dor and Bustan students looked good in Yolanda Sonnabend costumes.

The live music made a difference, as it always does in dance. The Ra'anana Symphonette was well led by British conductor Anthony Twiner, but occasionally the breeze snatched away the sound, which became a mere whisper.

WITH TWO seasoned musicians (Zamir Havkin on piano, and Eli Magen playing the double bass) at the Habama Theater in Talpiot, Jerusalem (June 19), Tamar

Borer presented a program in which she defied her disabilities. In one work she lay on the grand-piano lid and, dressed in black, merged into the scene using her arms and turning her body as if she had no handicap to contend with.

In the second work, she sat in a wide comfortable armchair and bent her head down so low that her long hair reached the floor.

She is a beautiful woman, and if she grimaced less and made her hands look like claws less often, the choreography might have been more interesting. The improvisatory-sounding music was always emphatic.

Better to leave these family skeletons in the closet

THEATER REVIEW NAOMI DOUDAI

A FAMILY STORY

A melodrama by Edna Mazya. Direction, Omri Nitzan. Design, Ruth Dar. Music, Eran Tzur. Lighting, Brian Harris. The Cameri Theater at ZOA House, Tel Aviv. Hebrew title, Sipur Mishpahi.

Ruth Sandra Sadeh Robert Shuli Rand Otto Itzhak Heskia Freddy Yehuda Almagor Annushka Tami Joel-Pinkovitch

bidden sexual preferences, not forgetting a blood-curdling sister Ruth luths for the feckless adolescent Robert; and a secret family flaw is visited on the children and grandchildren.

It is the loopy Robert that marries, if unwittingly, one of the former. The curse strikes again. They beget Naomi, next victim of the genetic defect. (To name it now would rob the play of its one and only element of suspense.)

The genetic gimmick is, to say the least, overstretched. Neither is the ambience of pre-war Heidelberg anything like authentic. However a cast of accomplished actors, especially Sandra Sadeh and Yehuda Almagor, give polished performances. Excelling in lesser roles are Yossi Kantz, Tami Pinkovitch and Liat Glick.

SUBTTLING this sorry family saga "melodrama" is perhaps a promotional gimmick rather than an admission of its weakness. Make no mistake.

A matinee audience mainly comprising middle-aged ladies seemed hugely intrigued and cooed by its soap-opera-like sentiments.

There may be many more like them out there who wish to wallow in its nostalgic Heidelberg, Judeo-Christian kitch ("Stille Nacht, heilige Nacht..."), its deluge of dark family secrets and for-

TOWER RECORDS' TOP 15 table with columns for THIS WEEK, LAST WEEKS ON CHARTS, ARTIST, and TITLE.

Advertisement for ATLAS Ltd. educational multimedia collection, featuring 'The Jerusalem Post' CD-ROM. Includes features, pricing, and contact information.

BUSINESS & FINANCE

Tuesday, June 25, 1996

8

Histadrut demands re-opening of COL increment agreement

MICHAL YUDELMAN

THE Histadrut is demanding a new cost-of-living increment agreement with the employers, to increase the workers' compensation for this year's galloping inflation.

Histadrut Chairman MK Amir Peretz discovered last week that he had mistakenly signed an agreement with the employers to increase the COL increment only if the annual inflation rate exceeds 33%, when he thought the agreement referred to an annual inflation rate of 15%.

The present COL increments are parital, compensating the workers for less than half the inflation rate.

In negotiations earlier this year, the Histadrut had demanded full compensation for the workers in the private sector if the annual inflation rate exceeds 11%, similar to the agreement that prevails in the public sector. The private employers had agreed to consider increasing the compensation if the inflation rate exceeded 15% a year.

But the document presented by the employers and signed by Peretz on February 15 refers to an inflation rate of more than 15% for half a year, which means the workers will only be compensated if the annual inflation rate reaches some 33% a year.

Peretz took responsibility for the mistake in Sunday's Histadrut executive meeting, but shifted the blame to the Histadrut executive who had given him the document to sign.

The employers rejected the Histadrut's demand to renegotiate the agreement. A Manufacturers Association source said "who said there was any mistake?"

Histadrut executive member Binyamin Gonen, head of the Joint Arab-Jewish List, demanded that Peretz declare the COL increment agreement null and void, and insist on immediate compensation for the inflation.

"Inflation has already reached an annual rate of 15%, with a COL increment that covers only 40% of it. Milk prices have just been raised and transportation prices are about to rise. The workers must be compensated for these hikes," Gonen said.

Gonen dismissed the employers' argument that the existing agreement stands, noting that the previous COL increment agreement spoke of compensating the workers for an annual inflation rate of 10% "so suddenly it jumps to 33% a year?"

Gonen urged Peretz to overcome his embarrassment at his mistake "because it's much more embarrassing to harm the workers, and we're talking about hundreds of thousands of people being harmed here."

In another development, the Yisrael Ba'aliya Party decided that it will run in the Histadrut elections scheduled some two years hence.

More than 250,000 workers are recent immigrants, comprising some 13% of the work force. If a substantial number of them join the Histadrut and vote for Yisrael Ba'aliya in the elections, it could get up to 20% of the seats in the Histadrut parliament.

Banks raise interest after prime rate hike

GALIT LIPKIS BECK

IN reaction to the Bank of Israel's rise in the lending rate, the leading commercial banks yesterday announced they will increase the base interest from 17% to 18.5% beginning Friday. Bank Hapoalim was the first to announce the increase, quickly followed by Bank Leumi, Israel Discount Bank, United Mizrahi Bank, and First International Bank.

As a result, the maximum interest on approved credit at the banks will be 23%. The interest on excess credit will be 24.5% at Bank Leumi, Bank Mizrahi, and First International Bank, 24.3% at Bank Discount, and 24.1% at Bank Hapoalim. There is no change in the rest of the components.

Bankers said yesterday they were caught by surprise at the central bank's decision to raise its lending rate by 1.5%, and suggested the move was meant to demonstrate Bank of Israel Governor Jacob Frenkel's determination to slow inflation.

The banks expected an increase because of the continued rise in the inflation rate, but a more moderate increase of 0.7% to 0.8%. The inflation rate has reached an estimated 12.5% for 1996, compared with the previous government's initial target of 8% to 9%.

Discount Bank economics department head Sbauli Katznelson said the hike is a positive measure in light of the public's inflationary expectations and the continued erosion of real interest.

The economist emphasized that the real interest rate (in comparison with the public's inflationary expectations) has decreased to 4% compared with 6% in the first few months of 1995. The last few months' increase in the inflation rate reflects the rapid growth in the quantity of money in 1995 resulting from the Bank of Israel's continuous reduction of the interest rate last year, he said.

"We won't be able to achieve the government's inflation target for 1996 and will probably end the year with an inflation rate of about 12% to 13%. But I am pleased with the Bank of Israel's decision, since it shows that in 1997 we will be able to aim for a target inflation rate of about 8%," said Katznelson.

He urged the Treasury to cut the government budget and impose

fiscal measures to reduce public consumption. The economist stressed this should be accompanied by a reduction in the economic growth rate to about 4% at the start of 1997, compared with 5% in 1996. However, in one or two years' time, he forecasts the economy will be in much better shape.

"The public will face a harder time now, but overall in the long term the economic situation will be better. If the governor had dealt with these problems a year ago, there would be less damage to the public now," said Katznelson.

But not all bankers are optimistic. Bank Hapoalim's chief economist, Prachia Bar-Shavit, said a more moderate rise in the interest rate is needed, since in the summer the consumer price index is usually lower than in the winter months.

"High interest rates can not come instead of a cut in the budget and other measures, like raising the diagonal band to the midpoint. It is also necessary to deal with the housing situation by the massive marketing of land, including to households," said Bar-Shavit. He said a NIS 2 billion cut is needed in the budget.

BUSINESS BRIEFS

New trilateral development program: The US, Israel and Jordan have announced the establishment of the Trilateral Industrial Development program, which offers applicants grants of up to 50 percent of the direct costs needed to bring new products to market.

The TRIDE project, which has a \$1 million fund to which each government has contributed equally, will attempt to encourage joint ventures involving private companies from all three countries. The pilot program will consist of one round of proposal submissions, which officials hope will yield two or three approved projects.

Jennifer Friedlin

Israel, Thailand, agree on training links: Israel and Thailand's labor and social affairs ministers agreed to forge closer links between the countries, during a meeting yesterday.

Dr. Prasong Boonpong said his country is looking to develop professional training in technology and computerization and to advance developments of its local agriculture. He also told Labor and Social Affairs Minister Eli Yishai he intends moving his ministry's Middle East labor attaché to Tel Aviv from Athens.

David Harris

Norway reduces stake in banks: In Norway's biggest banking sale, the state sold more than 25 percent of its shares in Den norske Bank, with two-thirds of the offering snapped up by foreigners, the national banking fund said yesterday.

The state, which is rich on oil from its North Sea fields, became the reluctant owner of DnB and other major banks during a financial industry crisis in the early 1990s.

The State Bank Investment Fund reduced its stake in Norway's largest finance institution to 52 percent by selling 1.26 million shares for 2.4 billion kroner (\$370 million).

AP

Renault, GM to build truck: Renault SA and General Motors Corp. said yesterday they would jointly build a light truck by the year 2000.

The deal gives GM, the No. 1 US automaker, entry into Europe's light-truck segment, where sales are growing faster than in the car sector. France's Renault finds a long-desired partner to share development costs for future products.

The joint-development truck will be sold by both companies under their own names.

AP

Embezzlement charges dropped against former East German official: A former East German deputy finance minister was acquitted yesterday of embezzling 12.3 billion East German marks (about \$2 billion) from East German coffers shortly before German unification.

After admitting to having insufficient evidence, prosecutors joined the defense in requesting the charges be dropped against Herta Koening.

AP

Nabisco to fire 4,200 workers

PARSIPPANY, New Jersey (Bloomberg) - Nabisco Holdings Corp. said it will fire 4,200 workers, or 7.7 percent of its workforce, as part of a plan to cut costs and become more efficient, resulting in a pretax charge of \$428 million in the second quarter.

The maker of Oreo cookies and Ritz crackers said it will also incur \$81 million in other costs as part of the plan that will, together with the charge, reduce this year's earnings by \$338 million, or \$1.26 a share.

The measures include moving Nabisco's Planters Co. and Life Savers Co. unit headquarters this fall from Winston Salem, North Carolina to Parsippany, New Jersey - the site of Nabisco headquarters.

Nabisco, America's largest maker of cookies and crackers, said the job cuts would be split evenly between its US and international operations.

RJR Nabisco Holdings Corp., Nabisco's parent company, said it will take a charge of \$272 million, or 82 cents per fully diluted share, for the restructuring. About \$246 million, or 73 cents of the charge will be reported in the second quarter.

New York-based RJR, the maker of Camel and Winston cigarettes, owns 80.5 percent of Nabisco's shares. The rest are publicly held.

Trading of RJR and Nabisco shares was delayed pending the announcement.

FDA approves locally made diagnostic ultrasound system

JENNIFER FRIEDLIN

THE US Food and Drug Administration has approved Diasonics Israel's Synergy ultrasound system for sale in the US, the company announced yesterday.

The Haifa-based company, which in 1994 merged with Elbit Ultrasound, a subsidiary of Elbit, expects sales to quintuple from \$5 million in 1995 to \$25 million this year, now that the company has gained access to the American market, said Dr. Zvi Friedman, marketing and advanced development manager for Diasonics Israel.

"We know we are not going to maintain [this] growth rate, but we expect the sudden jump because our product was only released at the end of 1995," said Friedman, adding that the Synergy system is currently being sold in Israel, Asia and Europe.

Diasonics' system is a new, cost-effective form of magnetic resonance imaging technology. Unlike most other ultrasound systems, which utilize hardware, Synergy works via a strong personal computer with most of the features implemented through software.

The company expects their system to make them more competitive in the \$2 billion ultrasound

market, where they are up against international leaders such as Japan's Toshiba.

"In order to compete with Japanese companies our costs must come down, because we're a smaller company," Friedman said. "The idea is to ride the [software and multimedia] wave [so] we can provide high-performance equipment at a low cost."

Within the next two years, the Synergy system, which is currently intended for general radiology, hematology, obstetrics and gynecological purposes, is expected to be re-released, offering cutting-edge features in the fetal scanning field.

Diasonics "has options that [when they are released] in the future will be considered revolutionary," said Dr. Pinchas Levensart, of the ultrasound and X-ray department of Hadassah University Hospital in Jerusalem's Ein Kerem.

The developments include a new Doppler method for fetal scanning that has the potential for early detection of placental disorders, which can lead to gestational complications such as intrauterine growth retardation and pregnancy-induced hypertension, Friedman said.



A worker cleans an information board with a welcome message for the forthcoming G7 meeting in Lyon, France. The summit meeting of the world's seven most prosperous industrialized nations is to be held from Thursday to Saturday.

Israel gets warm reception at Paris arms fair

ELDAD BECK PARIS

DEFENSE Ministry Director-General David Ivry, recently appointed head of the new National Security Council, opened the Israeli pavilion at "Eurostaty '96" to an unusually friendly audience.

Ivry met briefly with French Defense Minister Charles Millon, who visited Israel's pavilion. He said the overall feeling toward the 12 Israeli companies participating at the fair demonstrates a change in attitude toward Israel's defense sector.

Ivry said Millon's visit was "a rare achievement for the Israeli armament industries and an indication of France's political goodwill toward Israel." He added that Israel's participation at the show was another indication of the growing cooperation between France and Israel on defense issues.

In the past, the Arab boycott kept Israeli companies from presenting their wares to the international marketplace, Ivry said.

The Israeli pavilion displayed goods in the upgrade, NBC (nuclear, biological, chemical) protection and data-gathering fields. The show also gave companies the opportunity to display, for the first time, certain new products, such as Alon's novel eye-protection system and Rafael's sniper acoustic detection sensor.

Israel is evaluating French technologies and is considering buy-back possibilities following France's purchase of five Israel Aircraft Industries Hunter surveillance unmanned air vehicles and two ground-control stations in February this year.

Morgan Stanley to buy Van Kampen for \$745 million

NEW YORK (Bloomberg) - Morgan Stanley Group Inc. said it will buy Van Kampen/American Capital Inc. for \$745 million in cash and preferred stock, vaulting to the top tier of US money managers.

The fifth-largest US securities firm said it will pay \$720 million in cash and \$25 million in preferred stock for Vao Kampen, which is about 80 percent owned by Clayton, Dubilier & Rice, an acquisition firm. Morgan also said it will take on Van Kampen's \$430 million in debt and set a cap of \$1.175

billion on the entire purchase price.

The purchase of Oakbrook, Illinois-based Van Kampen boosts Morgan's assets under management to \$157 billion, from \$100 billion, placing it among the largest US asset managers, according to Nelson's Directory of Investment Managers. After the acquisition, Morgan will be the second-largest Wall-Street firm in terms of mutual funds, behind Merrill Lynch & Co.

The acquisition would be Morgan's second purchase of a money management firm in the

past year. It bought Miller Aodersoo & Sberard, a Philadelphia-based money manager, for \$350 million last June.

The purchase ends a six-month effort by Clayton Dubilier to sell Van Kampen, which has more than half of its assets in stocks and bond mutual funds.

It comes as the money-management industry consolidates. There were 55 acquisitions in the industry during 1995, compared with 38 in 1994, according to the investment bank Putnam, Lovell & Thornton Inc. in San Francisco.

Danish Burma group threatens Carlsberg

COPENHAGEN (Reuters) - A Danish group campaigning for democracy in Burma warned brewer Carlsberg on Monday that it faced a possible consumer boycott and industrial action if it did not drop by August 1 plans to open a Burmese brewery.

But Carlsberg said it was non-plussed by the ultimatum as it had already agreed to postpone the project pending further talks with the group, the Danish Burma Committee.

Swiss-Israel Chamber of Commerce opens office in Tel Aviv

GALIT LIPKIS BECK

THE Swiss-Israel Chamber of Commerce has opened a local representation in Tel Aviv as part of its strategy to expand activities.

The Chamber already manages an office in Zurich and by the end of the year plans to open another office in Geneva.

Eytan Liraz - of the Bach, Arad, Scharf law firm - was appointed chairman of the Israeli representation.

Liraz previously worked in Geneva and in New York, mainly in international commercial law.

Liraz said The Federation of the Swiss Watch Industry recently asked the Chamber to prepare a market survey of the watch market in Israel including local tax, import and legal issues. Liraz said the Federation is examining the possibility of increasing its members' sales to Israel which reach about NIS 21 million a year. The Federation is made up of 500 members.

Want to keep in close touch with your securities till 11 PM?

JOIN US TELEBANK
DIAL 03-6129711 FROM 8 AM TO 11 PM.
ISRAEL DISCOUNT BANK

Five Full Years for only \$75!
Over 100,000 articles from January 1991 to January 1996!

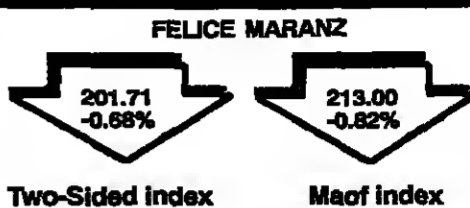
THE JERUSALEM POST ON CD-ROM

To order: Fax: 972-2-315622 Tel: 972-2-315621 E-mail: ninak@jpost.co.il
Mail check: JP on CD-ROM, POB 81, Jerusalem 91000, Israel

| ISRAELI MONEY MARKETS | | | | |
|---|----------|----------|-----------|-------------|
| Patna (foreign currency deposit rates) (20.6.96) | | | | |
| Currency (deposit for) | 3 MONTHS | 6 MONTHS | 12 MONTHS | |
| U.S. dollar (\$20,000) | 4.025 | 4.075 | 5.375 | |
| French franc (FF 200,000) | 4.000 | 4.000 | 4.250 | |
| German mark (DM 200,000) | 1.875 | 1.875 | 2.575 | |
| Swiss franc (SF 200,000) | 1.000 | 1.000 | 1.500 | |
| Yen (10 million yen) | | | | |
| (Please vary higher or lower than indicated according to deposit) | | | | |
| Shekel Foreign Exchange Rates* (24.6.96) | | | | |
| CHECKS AND TRANSFERS | | | | |
| Currency basket | Buy | Sell | Banknotes | Rep. Rate** |
| U.S. dollar | 3.580 | 3.679 | Buy | 3.580 |
| German mark | 3.212 | 3.272 | Sell | 3.210 |
| French franc | 4.922 | 5.021 | 2.16 | 2.163 |
| Japanese yen (100) | 0.618 | 0.628 | 0.50 | 0.511 |
| Swiss franc | 2.898 | 3.008 | 2.90 | 2.993 |
| Dutch guilder | 1.970 | 2.020 | 1.94 | 1.983 |
| Spanish peseta | 2.545 | 2.595 | 2.54 | 2.588 |
| British pound | 0.483 | 0.493 | 0.47 | 0.480 |
| Italian lira | 0.491 | 0.498 | 0.48 | 0.481 |
| Portuguese escudo | 0.541 | 0.558 | 0.57 | 0.572 |
| Danish krone | 0.603 | 0.701 | 0.65 | 0.647 |
| Canadian dollar | 2.264 | 2.297 | 2.21 | 2.244 |
| Australian dollar | 2.549 | 2.595 | 2.49 | 2.521 |
| S. African rand | 1.750 | 1.770 | 1.73 | 1.741 |
| Belgian franc (10) | 1.020 | 1.035 | 1.01 | 1.014 |
| Austrian schilling (10) | 2.827 | 2.859 | 2.83 | 2.834 |
| Italian lire (1000) | 2.055 | 2.105 | 2.05 | 2.052 |
| Jordanian dinar | | | 2.16 | 2.088 |
| Egyptian pound | | | 4.48 | 4.528 |
| Saudi riyal | 1.875 | 1.924 | 1.81 | 1.851 |
| Indian rupee | 5.054 | 5.125 | 4.95 | 5.021 |
| Spanish peseta (100) | 2.459 | 2.582 | 2.45 | 2.570 |
| * These rates vary according to bank. ** Bank of Israel. | | | | |
| SOURCE: BANK LEUMI | | | | |

Interest rate hike pushes stocks down

TEL AVIV STOCK MARKET



STOCK indexes fell following two steady days, after the Bank of Israel said it would raise interest rates and the shekel strengthened against the dollar.

The Maof Index fell 0.82 percent, to 213.00, and the Two-Sided Index fell 0.68% to 201.71. Of 990 shares trading across the exchange, more than four times as many shares fell as rose.

The central bank said it will raise the rate at which it lends to banks 1.5 percentage points, to 17%, on Thursday. The increase, the fourth this year, outstripped expectations of a rate rise of 0.5 to 1 percentage point.

The interest rate increase also prompted investors to buy shekels, strengthening the currency. The shekel traded at 3.251 against the dollar, up from 3.266 on Friday.

A strengthening shekel hurts exporters' profits, as they earn dollars and pay expenses in shekels. A stronger shekel means companies receive fewer shekels for each dollar billed.

About NIS 78.6 million worth of shares changed hands, NIS 7.5m. more than Sunday and about NIS 8m. more than last week's average trading level of NIS 70.4m.

The drop in shares was considered relatively muted, due to expectations that the government will cut the budget, said analysts.

The rate increase "was a bad surprise, but investors believe it came in conjunction with the Finance Ministry and that there will be a real economic plan," said Dan Alt, a broker at the Tel Aviv firm Nashua Trading.

Bank of Israel Governor Jacob Frenkel and newly appointed Finance Minister Dan Meridor met Sunday. "With Meridor and Frenkel meeting, I think there's a chance for cooperation between the two," said Alt. "But we have to wait and see; there's still a lot of uncertainty."

The rate increase followed the May consumer price index, which rose a higher-than-expected 1.7%.

Teva's shares fell for a second day, dropping 1.25%, following losses in the company's American Depository Receipts on Wall Street on Friday. Teva's shares fell 6% on Sunday on the TASE.

"Investors were waiting to see what will happen in New York," said Alt. "There were expectations Teva will go up, but the interest rate hike influenced the price today."

The weekend losses in the drug company, Israel's largest drug maker, were prompted by options investors selling shares, said Dao Sueskiod, the company's chief financial officer, in an interview yesterday. (Bloomberg)

Key Representative Rates table with columns for instrument, rate, and change.

INTRA-DAY STOCK MARKETS table with columns for instrument, price, and change.

New York market indexes table with columns for index name, last price, and change.

NYSE stocks table with columns for stock name, price, and change.

Other stock market indexes table with columns for index name, last price, and change.

Israeli stocks in NY table with columns for stock name, last price, and change.

NYSE / AMEX table with columns for stock name, last price, and change.

NASDAQ / Over-the-counter table with columns for stock name, last price, and change.

NASDAQ / Over-the-counter table with columns for stock name, last price, and change.

NASDAQ / Over-the-counter table with columns for stock name, last price, and change.

NASDAQ / Over-the-counter table with columns for stock name, last price, and change.

INTRA-DAY MONEY MARKETS table with columns for instrument, last price, and change.

Dollar crosses (US) table with columns for instrument, last price, and change.

Libor rates table with columns for instrument, last price, and change.

Foreign financial data courtesy of CommStock Trading Ltd. table with columns for instrument, last price, and change.

INTRA-DAY COMMODITIES AND METALS table with columns for instrument, last price, and change.

US commodities table with columns for instrument, last price, and change.

London commodities table with columns for instrument, last price, and change.

Spot market metals (US) table with columns for instrument, last price, and change.

New York metal futures table with columns for instrument, last price, and change.

London metal futures table with columns for instrument, last price, and change.

TEL AVIV STOCKS

Main table of Tel Aviv stocks with columns for name, price, change, volume, and market cap.

ISRAEL DISCOUNT BANK advertisement with logo and slogan 'THE PEOPLE YOU CAN TALK TO'.

INTERNATIONAL STOCK PRICES

Large table of international stock prices with columns for country, stock name, price, and change.

Euro bourses buoyant as dollar struggles

WORLD MARKET ROUNDUP

LONDON (Reuters) - Most European bourses ended the day showing healthy gains yesterday but the dollar made little headway, held back by jitters over the G-7 summit and a German central bank meeting, both this week.

"Until these key events are out of the way, nobody will want to take the dollar any higher," said a dealer at a Japanese bank in London. The US currency ended the European day at 108.93 yen, slightly down from the levels of late Friday.

On the Loodoo Metal Exchange, copper prices fell to 2 1/2 year lows of \$1,795 a ton, with the market hit by fresh fears over Sumitomo, the Japanese trading house which lost \$1.8 billion in unauthorized copper transactions over a decade.

Unprecedented volatility in copper prices has caused headaches for producers, consumers and traders trying to make physical hedges. The swings are expected to continue as the market is left guessing what Sumitomo's trading positions are.

Most of the day's good news was in the equity markets. In Zurich, Swiss stocks soared ahead to end at a closing high of 3,701.9, boosted by stronger foreign markets and good demand.

German shares surged to close floor trading over one percent up. French shares did well too and only London failed to shine.

Frankfurt, Europe's second biggest bourse, ended 26.32 points ahead at 2566.43, boosted by a strong close in Wall Street on Friday and firmer German debt.

Wall Street also moved ahead on Monday.

After-hours trading, the computerized IBIS DAX index was also up. "I think we've seen the top of the upside for the time being, at least until the Bundesbank meeting on Thursday," said one Frankfurt trader.

In Paris, stocks finished 0.7% higher as a takeover bid for Docks de France triggered a rally in retail shares.

Traders said the bounce came off its highs after the dollar's advance stalled ahead of the Group of Seven summit this week in Lyon, France. London, Europe's largest stock market, ended a dull day 0.31 percent down as the early gains in New York failed to lift British stocks out of their mid-summer torpor.

"We are not exactly setting the heater on fire," said the head of equity trading at one major brokerage. "Institutions have used up all their cash for the quarter and the futures remains at a small discount."

The dollar struggled to make a decisive break above the 109 yen level, but was weighed down by comments from US Treasury Secretary Robert Rubin that the US will not seek a stronger dollar at the G7 summit.

Traders adopted a wait-and-see attitude ahead of the Bundesbank meeting and the Group of Seven summit and the uncertainty was likely to keep trading muted.

"Underlying sentiment is positive, and we will see better levels again later in the week," said David Bloom at HSBC James Capel said.

The G7 summit is not expected to yield anything substantial given the view that the big economies appear to be comfortable with current exchange rates. "If anything, the summit can only be positive for the dollar," said Bloom.

Dow on slow trading

WALL STREET REPORT

NEW YORK (AP) - Stocks closed mostly higher yesterday, following through on Friday's late rally, but trading was sluggish again ahead of this week's economic data and next week's Federal Reserve meeting on interest rates.

On Wall Street, the Dow Jones industrial average rose 12.56 points, to close at 5,717.79. Broad-market indexes were mostly higher, too.

The Nasdaq market continued to recover from its recent slump as key technology issues such as Intel rebounded.

But trading torped sluggish again after speeding up Friday on the quarterly expiration of options and futures contracts.

Growing uncertainty about the direction of inflation and interest rate has muffled the market's moves for weeks.

Many investors have been reluctant to act before the Federal Reserve's next meeting on interest rate policy on July 2-3, at which the Fed may raise rates to slow spending and inflation.

Two bombs explode in security zone

No one hurt in blasts, but Hizbullah vows more attacks

TWO bombs exploded in the same area of the security zone yesterday afternoon, shattering a lull in the fighting which coincided with the duration of the Arab summit in Cairo.

The first device was detonated alongside an IDF convoy near Bint Jbail in the western sector of the zone. It did not result in casualties or damage.

A short time later, a second device was detonated while South Lebanese Army soldiers were carrying out searches in the area of the first blast. There were no casualties in the second incident either.

Meanwhile, Hizbullah leader Sheikh Hassan Nasrallah vowed in a speech in Baalbeck on Sunday that the organization would continue its attacks against IDF and SLA targets in the zone.

Nasrallah, whose comments were carried in Lebanese newspapers yesterday, also referred to the recent Israeli elections and said he

DAVID RUDGE

preferred Binyamin Netanyahu as prime minister to Shimon Peres.

"Although there is not much difference between the two, Peres was much more dangerous to Arabs and Moslems," Nasrallah was quoted as saying.

"Netanyahu from day one has told the Arabs not to waste his or their time because there will be no withdrawal from the Golan. Peres talked for four years and laughed at the world," said Nasrallah.

"Netanyahu is a clear-cut enemy and we prefer him as the enemy, whereas Peres is an expert in how to lie and deceive," he said.

Referring to the recent Arab summit, Nasrallah criticized Jordan's King Hussein for "taking a harsher stand against Syria than against Israel."

"No one is asking you Arabs to use the tanks and planes you purchased from America and Britain

to fight Israel, but we only hope that King Hussein acts in as many a way against Israel as against Syria," Nasrallah was quoted as saying.

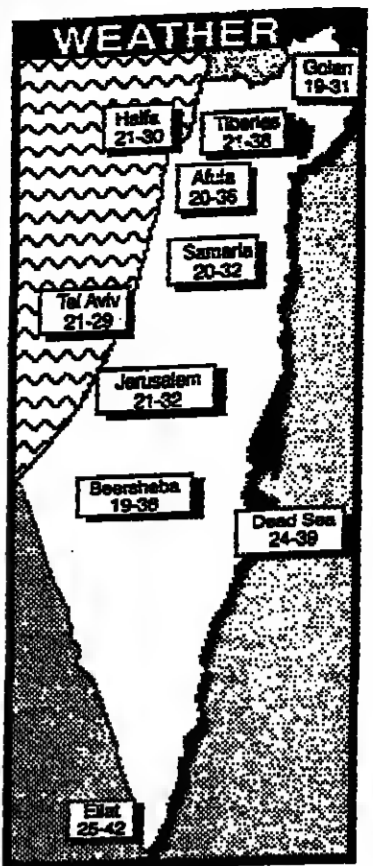
On the Lebanese front, Nasrallah vowed that Hizbullah would make Israel pay for the deaths of Lebanese in ongoing fighting over the years, including those killed in the Kafr Kana tragedy.

"He who kills will be killed. He who destroys our homes will lose his own home. If they kill our children, we will kill their officers and soldiers and teach them that this is not a picnic ground for their tanks, planes and bombs," said Nasrallah.

"It is not enough for us to cry and put flowers at the Kana cemetery. We have to teach the Israelis never to do anything like this, ever. They have to learn that this is not the same Lebanon that they entered in 1982," he said.



French singer and movie star Charles Aznavour visits the Church of the Holy Sepulchre yesterday, before taking part in last night's gala performance opposite Jerusalem's Old City. "To touch the wall... to touch the light." The concert and light show inaugurating the new lighting system for the Old City was organized by France's Keren Or association as part of the Jerusalem 3000 celebrations. French composer and conductor Michel Le Grand conducted the Jerusalem Symphony Orchestra. (Brian Hestler)



AROUND THE WORLD

| | C | F | P |
|-------------|----|----|--------|
| Americas | 18 | 64 | cloudy |
| Berlin | 17 | 63 | clear |
| Bombay | 27 | 81 | clear |
| Cairo | 21 | 70 | clear |
| Chicago | 21 | 70 | clear |
| Colombo | 27 | 81 | clear |
| Frankfurt | 18 | 64 | cloudy |
| Hong Kong | 27 | 81 | clear |
| London | 17 | 63 | clear |
| Los Angeles | 18 | 64 | clear |
| Madrid | 17 | 63 | clear |
| Moscow | 17 | 63 | clear |
| New York | 18 | 64 | clear |
| Paris | 17 | 63 | clear |
| Rome | 17 | 63 | clear |
| Sydney | 21 | 70 | clear |
| Tokyo | 21 | 70 | clear |
| Warsaw | 17 | 63 | clear |
| Zurich | 17 | 63 | clear |

Winning cards

In yesterday's Mifal Hapayis daily Chance card draw, the lucky cards were the king of spades, 10 of hearts, jack of diamonds, and seven of clubs.

'Histadrut used strike fund for wages'

MICHAL YUDELMAN

THE Histadrut illegally used NIS 20 million from its strike fund to pay its workers' wages a few weeks ago, Israel Radio reported yesterday. If true, this practice violated the Histadrut's constitution, which states the strike fund is solely to be used for covering strike expenses.

Histadrut officials refused to comment, but the affair was described as "scandalous" by senior Histadrut sources yesterday. They said using the fund for other purposes may leave the Histadrut without its most important weapon: the ability to call a strike.

The Histadrut's previous leadership was castigated for using the strike fund for other purposes and for the secrecy with which fund transactions were conducted. Under the protection of this secrecy, Histadrut leaders took millions of shekels from the fund twice during the past two years to cover Histadrut debts.

The Histadrut's new leadership continued to cast a thick cloak of secrecy over the fund's size, financial investments, control reports, and decision making. They argued, like their predecessors, that exposing these details would reveal the scope of their ammunition in battles with employers.

Former Histadrut chairman MK Haim Ramon said at the time that fund money was used responsibly and the fund did not suffer any losses. But the Histadrut leadership hastened to approve new regulations and to appoint a new management to ensure the fund's proper handling.

Despite these measures, the radio report said, when the Histadrut had difficulty paying its workers' wages a few weeks ago, it "borrowed" NIS 20m. from the fund.

Histadrut executive member Binyamin Gonen said using the fund money was extremely grave and demanded to know who gave the order to do so.

"If they use this fund, the last instrument left for workers' causes, what will they do next month to pay the workers' wages, after they've sold the Histadrut's assets?" Gonen said. "And what will they do if they have to call a strike?"

Police: A-G will get file on Eitan

A POLICE recommendation that charges be filed against Agriculture and Environment Minister Rafael Eitan for his alleged use of a classified army document to blackmail a fellow Knesset Party member will soon be turned over to Attorney-General Michael Ben-Yair, police sources said yesterday.

The file was returned to police two weeks ago by Ben-Yair, who asked them to clarify several points so he can decide whether to file charges.

On Thursday, Eitan was questioned by police.

"We will turn our findings over to the attorney-general soon,"

BILL HUTMAN

Inspector-General Assaf Hefetz told reporters yesterday, after a brief ceremony at which Internal Security Minister Avigdor Kahalani was welcomed to National Police Headquarters.

Hefetz declined to comment further on the case. Kahalani also declined to comment, explaining, "There are areas [in police work] that I shouldn't interfere with... I am sure the issue is being dealt with properly by the people who are supposed to deal with it."

Cmdr. Yossi Levy, head of investigations, would only say he was given strict orders from Ben-

Yair to prevent any leaks to the media on the case.

Police completed their investigation of Eitan several months ago and forwarded a recommendation to Ben-Yair that he be charged. Eitan allegedly obtained classified IDF files that contained incriminating information against a Tsomet activist he wanted out of the party, and threatened to make it public if the activist did not quit.

The activist, Asher Cohen, complained to police, leading to the investigation. Other Tsomet officials who allegedly misused IDF documents are under investigation along with Eitan.

60% of Kinneret water used for irrigation

DAVID RUDGE

AGRICULTURE continues to be the biggest drain on the country's scarce water resources, despite increased use of purified sewage for irrigation.

According to statistics issued by Mekorot yesterday, around 60 percent of the 1.4 million cubic meters pumped daily from Lake Kinneret into the National Water Carrier (NWC) is being used for irrigation rather than domestic purposes.

The other 40 percent is used to supply drinking water to cities, towns, and villages in the Haifa, Gush Dan, and Jerusalem regions, and as far south as Mitzpeh Ramon.

Experts note, however, that more water is expected to be needed for domestic use in the coming years due to anticipated population growth, while resources are not increasing.

In fact, the level of water in the Kinneret at the start of the summer is 1.20 meters below the maximum mark and is 60 cm³ lower than it was at this time last year.

The daily pumping from the Kinneret into the NWC reduces the lake's level by about one centimeter per day. Some 35 percent of this is used for irrigation in the Sharon and Judea regions, from Ramle to Kiryat Gat, and 25 percent to the northern Negev.

Rafi Boaz, head of Mekorot's water resources department, noted that the fresh water supplied by the NWC to the northern Negev supplements the 100 million cubic meters of purified sewage piped to the region each year from recycling plants in the Gush Dan region.

He said it would be possible to reduce the amount of fresh water supplied to the Sharon and Judea regions if a similar pipeline were built to take purified-sewage from recycling units in the Jerusalem, Lod, and Ramle districts.

Race track to be built near Rehovot

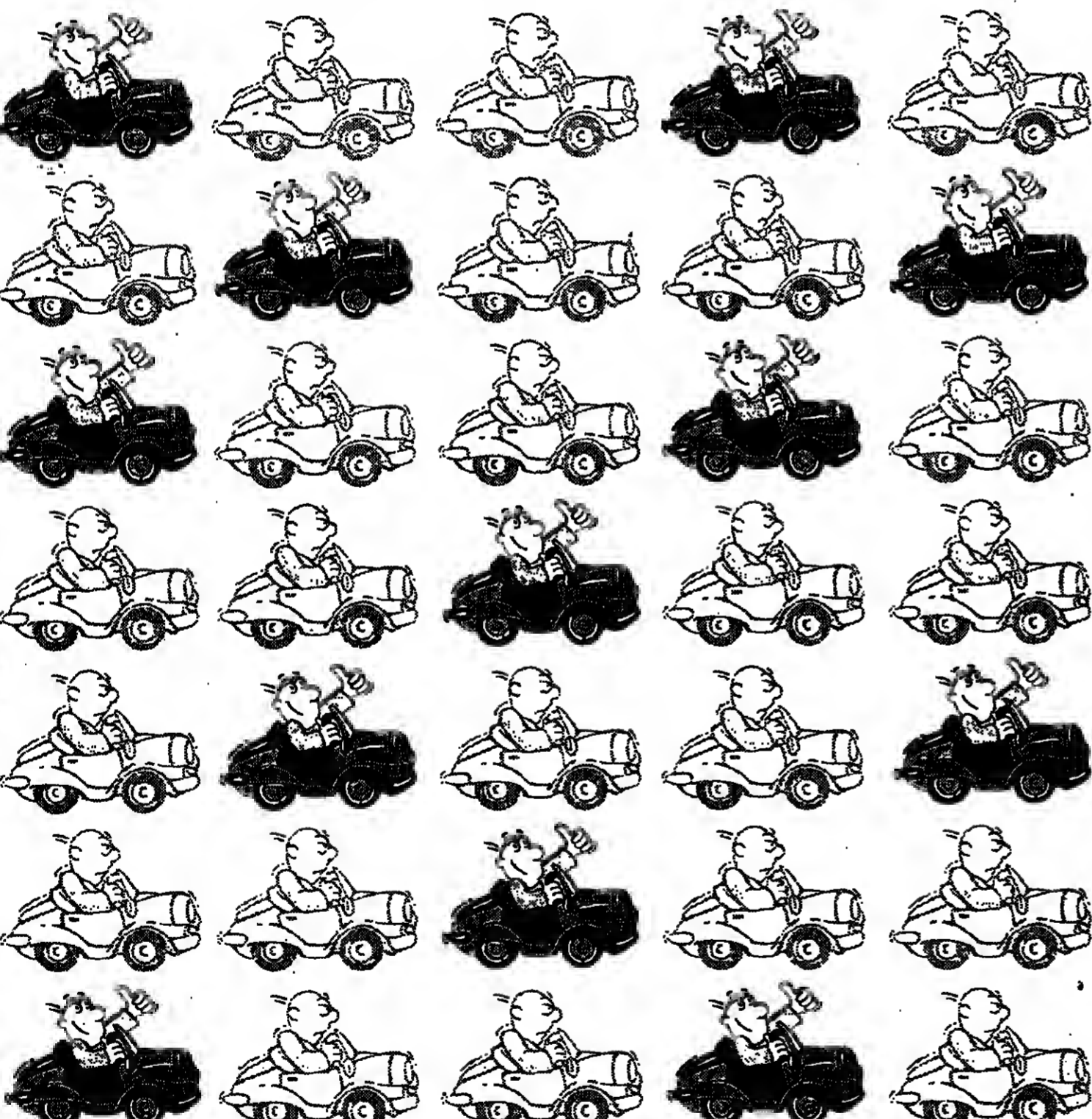
A SPANISH company plans to invest \$120 million to build a track here for professional car and motorcycle racing, it was announced yesterday.

Israel Racing Club president Baruch Shalit told reporters at a Tel Aviv press conference the track would be situated east of Rehovot and extend over an area of 1,000 dunams (250 acres). He said 75 percent of the land is owned privately and the remainder is state land, which the Israel Lands Administration has approved for motor racing.

Construction is to begin in the year 2000.

According to a Technion survey cited by Shalit, 17 percent of Israeli women between ages 28 and 30 would be interested in seeing car and motorcycle racing. The same survey found that most people would be willing to pay up to NIS 100 a ticket to watch an international race here.

It was also announced that the country's second dirt-track rally would take place July 27 at Kibbutz Nahshonim. The 120km. race is open to motorcycles and all-terrain vehicles. (Itim)



Every Third Leasing Deal in Israel is Closed at Leumi Leasing

...And that's just one more of the many facts that make Leumi Leasing Israel's largest leasing company.

What are the advantages that make Leumi Leasing Israel's preferred leasing company, where every third leasing transaction takes place? It starts with the low prices that only Leumi Leasing can offer to its clients, as it benefits from direct banking resources without agency fees. It continues with the fact that at Leumi Leasing a price is a price without hidden extras or last minute surprises. Furthermore, it's a given fact that only a large company with

experience and professional expertise can offer leasing for any purpose and for almost every kind of equipment. And that's not all, because we never forget that many companies around us are also trying to be No. 1. Thus, in order for you to understand why every third leasing deal in Israel is done at Leumi Leasing, it's worth your while to contact any Bank Leumi branch or call Leumi Leasing: 177-022-7724.

L e u m i Leasing

The largest leasing company in Israel

TORAT ERETZ YISRAEL



This book marks the first time that Rav Tzvi Yehuda HaCohen Kook's lectures have been translated into English. His teachings on Torah, *Eruvot*, *Aliyah*, *Eretz Yisrael*, *Zionism*, the Holocaust, *Gesha*, and the *Messiah*, bring the encompassing Torah of Eretz Yisrael into unparalleled light. The book's commentary brings the reader into the *Beit Midrash* of Rabbi Kook, presenting an intimate understanding of his vision and the unique era of redemption which Rabbi Kook inspired the nation to see. Translated by Zvi Fishman. Hardcover, 367 pp. JP Special NIS 55.00 Inc. VAT, packing and postage.

To: Books, The Jerusalem Post, POB 81, Jerusalem 91000, Tel. 02-241282

Please send me *Torat Eretz Yisrael*. Enclosed is my check for NIS 55 per copy, payable to The Jerusalem Post. Credit card orders accepted by phone.

Name _____

Address _____

City _____

Code _____

Tel. _____

Jews Laughed in Yiddish...

prayed in Hebrew, conversed in the local language.

Mazel Tov **DAVID PASSOW** on the publication of his new book **THE PRIME OF YIDDISH** where he explores the vibrant period prior to World War II

Hardcover, NIS 65.00 (incl. mailing) Visa

gefenu P.O.B. 6056 Jerusalem 91060 Tel: 02-380247 Fax: 02-388423

Listen to Arutz 7, 711 1143 AM 105 FM

che 110 1520